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NEWS SUMMARY

GENERAL

Forgery ring smashed by police

Police have smashed a huge forgery ring and netted counterfeit £20 notes with a face value of more than £5m.

A gold coloured Rolls-Royce, stopped in south London, contained £500,000 in forged notes and a further £5m in forgeries was seized from a van nearby. A man is helping police with inquiries.

Detectives warned that although "vast quantities" of notes have been found, some are still circulating. They said there had been a sudden increase recently in forged notes being passed in places as far apart as Cardiff and Scotland.

Israel 'No'

Israel rejected U.S. suggestions that the PLO should be allowed to maintain a political office in Beirut and a token military presence in the Lebanon. Back Page

Pits warning

Coal Board chairman Norman Siddall told miners' leaders that the NCB's "tail" of loss-making pits had to be cut. Back Page

Hospitals hit

Ancillary staff at three Liverpool hospitals walked out, leaving no emergency cover, when a shop steward at Newsham Hospital, in the city, was dismissed. NHS pay dispute, Page 8

Pilot freed

Harrier pilot Flt Lt Jeffrey Glover, shot down over the Falklands and Argentina's only prisoner of war, was released from prison, said the United Nations.

Duty-free plea

An EEC plan to abolish duty-free sales to travellers between member countries would mean a big rise in air fares, said Norman Payne, chairman of the British Airports Authority. Page 6

Assemblies plan

Directly elected assemblies for Scotland and Wales and 10 or 11 regional assemblies in England are proposed in an SDP green paper. Page 7

Fight ban sought

The British Medical Association is to campaign for the abolition of boxing owing to the risk of death, eye and brain damage.

Fuel stretched

Talbot Motors apprentices set a British record when their machine in the Shell and Motor magazine Mileage Marathon clocked 1,926 mpg.

Poland claim

Poland attacked Western countries for applying economic sanctions, saying they had made it impossible to repay debts on time. Debt talks Page 2

Race halted

The fifth stage of the Tour de France was called off after being interrupted by demonstrating steel workers in northern France.

Protest in China

China allowed an anti-nuclear protest march in Peking. It gave approval for 21 foreign teachers to march to the U.S. and Soviet embassies.

Briefly . . .

The new Chief of Air Staff, from October 15, will be Air Chief Marshal Sir Keith Williamson. Page 6

Singapore Premier Lee Kuan Yew starts a four-day visit to Britain on Monday.

BUSINESS

Equities add 1.2; Cocoa up £8

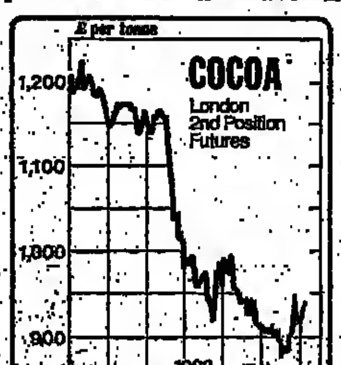
● EQUITIES rallied late, with the FT 30-Share index up 1.2 at 555.2 after being nearly 3 down at noon. Page 35

● GILTS were quiet, with longs losing ¼. The Government Securities index eased 0.1 to 69.85. Page 35

● DOLLAR was strong. It rose to FFr 6.979 (FFr 6.9055), a record, DM 2.5135 (DM 2.49), SwFr 2.149 (SwFr 2.121) and Y259.25 (Y257.7). Its Bank of England index was 122.7, up from 121.6. Page 36

● STERLING fell 1.4c to a 5½-year low of $1.7085, but was otherwise higher at DM 4.295 (DM 4.2875), SwFr 3.6725 (SwFr 3.655) and FFr 11.925 (FFr 11.89). Its trade-weighted index eased a point to 91.1. Page 36

● COCOA September delivery price rose £8 to £942.5 in London, following sterling's decline against the dollar. Page 24



● GOLD fell $3.5 to $307 in London. In New York the Comex July close was $311.3 ($309.1). Page 24

● WALL STREET was up 1.61 at 800.51 before the close. Page 34; Futures proposal halted, Page 4

● BMW of West Germany raised the prices of right-hand-drive cars, except for the UK, a blow to Britons who want to save money by buying cars in Europe. Back Page

● MORE contraction of the steel industry is called for in a study which proposes cutting capacity in the bright bar sector from 875,000 to 400,000 tonnes a year. Back Page

● THE LIQUIDATOR of Hedderwick Stirling Grumbar is seeking £400,000 from the 22 members of the collapsed stockbroking firm to meet outstanding debts. Page 6

● FH LLOYD, the Wednesbury engineering group, paid former chief executive Frank Clymer £87,000 compensation for loss of office.

● PENSION funds were attacked for complacency, poor performance and lack of accountability by Labour Treasury spokesman, Jack Straw. Page 8

● THE European Commission proposed a cut in the amount of butter New Zealand is allowed to sell the EEC, from 92,000 tones to 89,000 next year. Page 24

● BRITAIN'S oldest picket line, at Western Shiprepairers, Birkenhead, was called off after four years. Page 8

● TOSHIBA CORPORATION, Japan's biggest electric and electronic equipment maker, saw consolidated net profits for the year ended March slip 11.6 per cent to Y44.31bn (£99.69m). Page 27

● FERRANTI electronics group boosted profits by 31 per cent to £23.8m before tax in 1981-82, and forecast further growth this year. Page 22; Lex, Back Page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Ashley Inds.	38½	+ 3½
Avana	312	+ 4
Beecham	270	+ 4
Black (P.)	335	+ 9
Bulmer (H. P.)	434	+ 9
Bunzl Pulp	172	+ 10
Eagle Star	362	+ 6
Ferranti	805	+ 35
Hambro Life	385	+ 9
Heelamat	66	+ 4
McCarthy & Stone	195	+ 10
Mills and Allen	451	+ 10
Minet	151	+ 8
Plessey	490	+ 18
Racal Elect.	455	+ 10
R.H.M.	53	+ 2
Tate and Lyle	170	+ 4
TSL Thermal Synd.	80	+ 7½
UDS	69	+ 4

FALLS

Exchqr. 12½pc '99	£94⅞	– ⅞
Audiotronic	1½	– 2½
British Sugar	465	– 10
Broken Hill Prop.	394	– 12
Granada "A"	178	– 11
Howard Tenens	52	– 3
Quest Automation	33	– 7
Thorn EMI	400	– 10
Viners	1	– 1½
Waddington	96	– 6
BP	266	– 4
CRA	154	– 8
Doornfontein	526	– 24
Durban Deep	541	– 52
Geevor Tin	65	– 7
Grootvlei	248	– 27
Western Mining	152	– 15

Opec ministers urged to freeze pricing and production ceiling

BY RICHARD JOHNS IN VIENNA

MINISTERS of the Organisation of Petroleum Exporting Countries will be urged tomorrow to freeze their production ceiling and reference price of $34 a barrel.

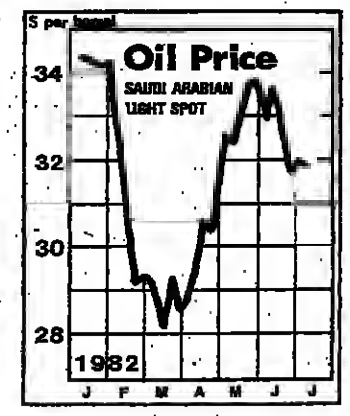
The organisation's influential monitoring committee is to recommend that the 13 member countries should not allow their combined production to rise above the present ceiling of 17.5m barrels a day.

Most committee members believe that this production ceiling should be maintained for at least the next three months to prevent any fresh market pressures on the reference price.

The recommendation will be put to ministers attending an emergency Opec meeting in Vienna. But there is every sign that Opec unity will be strained.

For a start, the monitoring committee could not wholly agree on the correct level of Opec production needed to keep worldwide oil supply and demand in balance. Indonesia and Venezuela believe that production limits could be eased to 18m-19m b/d over the July-September quarter.

The two countries argue that the worldwide rundown of surplus oil stocks is likely to continue at a slower pace than is expected by other members. Consequently they want Opec's production ceiling, fixed at 17.5m b/d in March, to be increased gradually, on a monthly basis.



Tension within the organisation has already risen because three members—Iran, Libya and Nigeria—last month substantially exceeded their quotas.

Dr Mana Otaiba, the United Arab Emirates oil minister and chairman of the monitoring committee, said yesterday that he thought Opec's total production was now "a little bit above 18m b/d." He has backed a committee recommendation that production quotas should be observed on a monthly rather than a quarterly basis.

Another contentious issue will be posed by Saudi Arabia's proposal that the premium charge for high quality African crudes should be increased from $1.50 to $3 a barrel above the $34 reference price.

The Saudis are worried that the recovery of demand for high quality oil from Nigeria and Libya could have a long-term effect on the call for their own, less valuable crudes.

Some of the heat may be removed from the ministerial meeting tomorrow by the likely absence of Sheikh Ahmed Zaki Yamani, the Saudi oil minister, and the probable absence of an Iranian delegation.

There is understood to be no political significance in Sheikh Yamani's decision to remain in the kingdom for the duration of the Ramadan fast in spite of

Continued on Back Page

Experts views on oil price, Page 2

Italy to honour pipeline contract

By James Buxton in Rome

THE ITALIAN GOVERNMENT is to allow the state-owned engineering company Nuovo Pignone to supply gas turbines for the Soviet Union's Siberian gas pipeline project despite the U.S. Administration's attempt to block shipments to the Soviet Union of equipment made under licence from U.S. companies.

Like companies in Britain, West Germany and France which have also won contracts for the pipeline, Nuovo Pignone is producing the turbines using technology from General Electric of the U.S., a joint news conference yesterday with Mrs Margaret Thatcher, who is visiting Rome Sig Giovanni Spadolini, the Italian Prime Minister, said Italy would honour its previous commitments.

The move is the latest sign of mounting European resistance to the U.S. bid to block the contracts announced by Washington last month, six months after American companies were barred from supplying items direct to the Soviet Union for the pipeline. Last week Britain invoked the Protection of Trading Interests Act, specifying that the U.S. controls were damaging to the trading interests of the UK.

Sig Spadolini's statement followed some of the strongest remarks so far by Mrs Thatcher about the U.S. action.

"These contracts were made and completed in good faith. If a country wants to keep its trading reputation it must keep its contracts," she said here. Companies that made contracts with and took out licences from U.S. companies could no longer be sure that they would not be revoked.

The action would damage the U.S. and Europe, she said. It reflected the fact that, unlike EEC leaders, U.S. and European leaders did not meet often enough.

The Italian company's £400m contract for the supply of turbines and compressors for pumping stations on the pipeline was signed last autumn.

The Italian Government's decision suggests Nuovo Pignone will deliver to the Soviet Union both the turbines it has completed using parts supplied by General Electric before the original U.S. embargo on shipments following the imposition of martial law in Poland. It remains uncertain what it will do about the turbines for which parts are not available from the U.S.

Changed role for Peter Rees, Page 4

Sterling interest rates ease despite $ surge

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

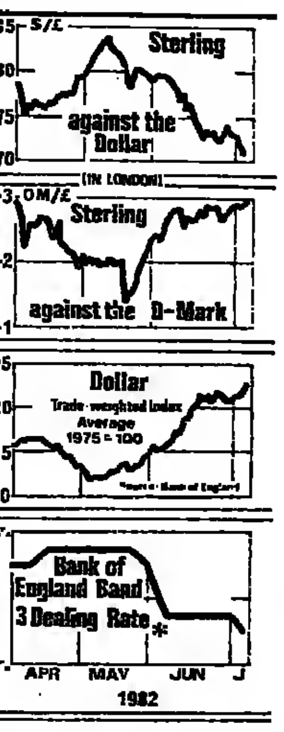
THE DOLLAR surged against Continental currencies yesterday but in spite of this sterling remained steady overall and UK interest rates drifted lower.

Although the gap between interest rates in the U.S. and the UK continued to widen, the Bank of England yesterday gave further cautious encouragement to market expectations of a cut in the clearing banks' base lending rates.

The authorities appear content to allow sterling to fall against the dollar as long as a similar policy is followed by the other major European countries. Dealers reported some Bank of England intervention in the foreign exchange markets yesterday but this was said to be on a small scale.

Although sterling fell 1.4 cents yesterday against the dollar to a London closing rate of $1.7085, its lowest for more than five years, the pound rose against Continental currencies, reaching a three-month peak in London against the D-Mark at DM 4.2950 compared with Tuesday's close of DM 4.2875. It also reached its highest point against the French franc since October, 1972, closing in London at FFr 11.9250, up from FFr 11.8925 at Tuesday's close.

Sterling's Bank of England trade-weighted index against a basket of currencies was 91.1—0.1 points lower than on Tuesday.



*Rate at which the Bank of England will buy from the discount houses bills of 34-63 days maturity.

The combination of weakness against the dollar and strength against the Continental currencies is worrying to the British authorities because it will raise the cost of raw-material imports, which tend to be priced in dollars, and cut the competitiveness of exports to Europe. In the longer terms, commodity prices may adjust downwards as a result of a high dollar, but this effect is uncertain.

This squeeze on industry's costs and prices, combined with a period of high real interest rates, gives the UK authorities a double motive for trying to edge interest rates lower.

Against this, there is the fear that any sharp cut in UK rates could precipitate an excessive fall in sterling against the dollar. This could raise import prices and once again set back the time-table for reducing inflation.

Yesterday the Bank of England lowered the dealing rates at which it buys in bills from the money market for the third successive day. The rate for medium-dated bills was cut by ⅛ point to 12⅛ per cent. This represents a fall of ⅜ points in the week.

The three-month interbank rate fell by ⅛ point to 12¼ per cent, although three-month Eurodollar rates went up by ⅛ point to 15¼ per cent.

The gap between the clearing banks' base rates and money market rates is now broadly the same as it was when the base rate was last cut on June 8 to 12½ per cent.

Any further cut is expected to be of no more than ½ point but so far the Bank of England has made no reduction in its dealing rate in Band One—the shortest dated bills. A movement in the rate for this band is the usual signal for a base rate reduction.

The dollar's Bank of England trade-weighted index rose to 122.7 yesterday compared with 121.6 on Tuesday. The dollar closed in London at DM 2.5135 against the D-Mark compared with DM 2.4900 on Tuesday. It rose to a record level of FFr 6.9790 against the French franc compared with Tuesday's London close of FFr 6.9055.

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£ in New York

	July 6	Previous
Spot	$1.7140-7150	$1.7335-7350
1 month	0.42-0.46 pm	0.41-0.44 pm
3 months	1.35-1.40 pm	1.35-1.40 pm
12 months	4.65-4.75 pm	4.50-4.90 pm

BR likely to continue services for a week

By David Goodhart, Labour Staff

BRITISH RAIL is expected to announce today that the rail network will be kept open for at least one more week. The decision is expected at a meeting of the BR executive to consider the impact of the drivers' strike.

Mr Clifford Rose, BR's industrial relations director, said yesterday: "We will almost certainly run a service next week following the reasonably positive response we have had from drivers coming into work."

But yesterday's BR estimate of 800 drivers reporting for work—roughly the same number as Tuesday—will be a disappointment to the BR board. The number of passenger trains running, however, increased from about 1,400 to 1,520 with freight services increasing from 113 to 150.

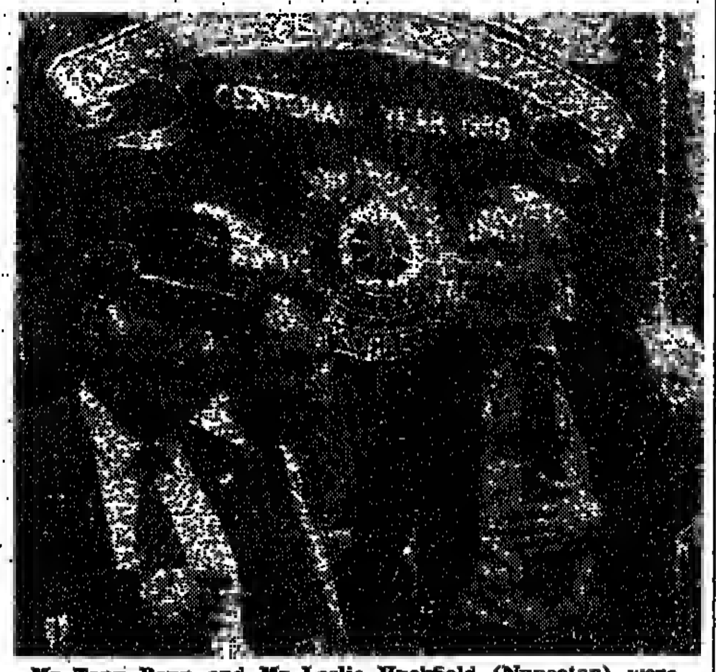
Mr Rose said that by keeping the network open BR would hope to maintain pressure on members of the train drivers' union Aslef to defy the strike over flexible rostering. About 65 per cent of working drivers are believed to be Aslef men—the rest are drivers belonging to the National Union of Railwaymen who are also defying a union call to back the Aslef action.

It is costing BR about £8.5m a day to run a skeleton service which yesterday amounted to almost 10 per cent of the 16,000 trains that would usually run.

Continued on Back Page

Aslef strike stays solid in Wales, Page 3

Civil Service pay report and NUM conference, Back Page



Mr Tony Benn and Mr Leslie Huckfield (Nuneaton) were among 15 MPs who joined the Aslef picket line at King's Cross station, London, to show their solidarity with the striking drivers.

Record tax revenue shortfall in Japan

BY RICHARD C. HANSON IN TOKYO

JAPAN'S Finance Ministry yesterday confirmed one of the worst fears of the country's economic planners by announcing a record Y3,334bn (£7.49bn) shortfall in tax revenues for the 1981-82 fiscal year, which ended on March 1—a 10.3 per cent decline from budget targets.

Chiefly the result of a slowdown in real growth rates during the year, the shortfall raises the possibility of an even worse performance this year—a simple projection shows the gap between current targets and receipts expanding to Y3,700bn barring a sharp upturn in the economy.

At present, the Government is wrestling with how and when to revise downward a very optimistic projection of 5.2 per cent real gross national product growth for this year to an expected 3 per cent or less.

Last year, Japan's initial growth forecast was 5.3 per cent, which almost halved to 2.7 per cent as the economy fell victim to a slowdown in exports and high U.S. interest rates.

Ironically, one factor contributing to a decline in revenues stemmed from the Government's success in holding down wholesale price rises to 1.4 per cent on the year. This meant that corporate tax revenues, which are sensitive to price movements, were about 15 per cent below target.

Because of a declared policy to keep a tight grip on fiscal planning, the Government faces what has become a chronic dilemma in trying to make up the shortfall. It is most likely in the main to resort to its National Debt Consolidation Fund, which is expected to absorb about Y2,300bn. But this is a temporary cure and the money will have to be repaid within the next fiscal year, ending on March 31 1984.

Attempts to cut down further on spending in next year's budget will probably continue, but there is already pressure for a boost in public works spending in a special supplementary budget—perhaps later this year—in order to stimulate the domestic economy.

A combination of pump-priming measures and tax shortfalls, it seems, will only increase the national debt. The money will have to be raised through additional government bond issues which neither the authorities nor the bond market would be happy to handle.

The Finance Ministry has already run into resistance to plans to float bonds this month. Underwriters are pressing for higher yields on government bonds to bring them into line with prices on the secondary markets.

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For latest Share Index phone 01-246 8026

AEG's difficulties put coalition in dilemma

BY JONATHAN CARR IN BONN

"IT IS the privilege of the medium-sized company to be allowed (by the state) to go bust," a West German entrepreneur said bitterly this week. "The big concerns can bank on the umbrella of a (state) guarantee."

The businessman was commenting on demands for government aid from the ailing electricals giant AEG-Telefunken, to help prevent it go into liquidation. His remarks underline that the AEG case faces the left-liberal coalition in Bonn with a big political dilemma, as well as a possible financial burden.

True, it would be hard for any West German Government to stand by and watch AEG go under, however much it sought to justify its position by "defence of the market economy" — bluntly an unwillingness to support lame ducks. AEG has been a household name for generations and its goods are part of the daily experience of millions of West Germans. The company's liquidation would be a serious blow to business confidence in a nation prone to economic gloom.

Beyond that, AEG, with its annual sales of around DM 15bn (£3.5bn) employs about 123,000 people, nearly 100,000 of them in West Germany. It would be tough indeed for the Government and, above all, for the Social Democrat (SPD) part of it, to see so many jobs (and potential voters) lost. Moreover, AEG has its headquarters in Hesse where a crucial state parliament election is due in September. Could the SPD, in particular, make voters in the Hesse campaign understand why Bonn had to stand back and let AEG die?

That said, the comments at the start are typical of the view of state support for big enterprises taken by smaller and medium-sized concerns. The latter tend to see themselves, with some justice, as the backbone of the economy and, moreover, many supporters of the liberal Free Democrat party (FDP), the junior partner in the Bonn coalition, are to be found there.

They complain that nearly 15,000 small and medium-sized enterprises with more than half a million employees have gone bust in the last two years alone. Why, they ask, should AEG receive special treatment?

There is sympathy for this view in the Government, above all from Count Otto Lambsdorff, the FDP Economics Minister. In a letter to economics ministers of the Laender (the provincial states) well before the AEG case reached so serious a stage, Count Lambsdorff laid out an impressive list of reasons why state aid should not be granted in general—and when it might be given in particular cases.

He said aid distorted competition, that it tended to draw still more aid after it, although this had not been the original intention, that it often represented a bonus for mismanagement and hindered necessary structural change.

If aid were to be given, he said, then it could be only as "help for self-help" to enterprises of whom there was a "well-founded" hope that they would eventually be fully competitive on their own. A full analysis of the enterprise's balance sheet over the past few years, and of its own plans to regenerate itself, would have to precede any state aid.

Despite widespread suggestions that AEG's liquidity problems are acute and that the clock "stands at five minutes past twelve," it is clear that Bonn, and particularly Count Lambsdorff, are taking these principles seriously.

One extra stimulus to do so comes from the fate of the building concern Beton-und Monierbau. It collapsed despite provision in 1978 of a government guarantee, which critics said had been over-hastily arranged without full knowledge of the company's real difficulties.

AEG is a far bigger matter. It makes for still greater political pressure on the Government—but also for still more caution.

Talks fail to agree financial aid

THE WEST GERMAN Government has still not decided on aid for the financially stricken AEG-Telefunken, despite talks here yesterday chaired by Chancellor Helmut Schmidt, writes Jonathan Carr.

At issue is understood to be an interim solution under which state guarantees would be granted to the electricals group covering up to DM 600m (£140m) of export orders. The action would help lessen AEG's immediate liquidity problems, give a signal to the group's creditors, and gain time for discussions on a longer-term solution.

However, Bonn is approaching even this step to bridge the immediate crisis with great caution, in spite of growing reports that the country's second biggest electricals group could be close to collapse.

The Government has already made clear that it is not ready to take a stake in AEG, either directly or through an existing state-controlled concern.

It has promised to consider AEG's request — made both to the federal and regional state governments — for guarantees covering new credits of more than DM 1.5bn (£349m). But it has also stressed that its decision must await a report on the company's own rescue plan (the so-called AEG '83) being prepared by state-owned auditors. This report could take several weeks yet.

The pressure is clearly increasing on the Government not to stand by and watch the collapse of a group which employs nearly 100,000 people in West Germany alone.

On the other hand, Bonn is neither willing — nor legally permitted — to provide aid unless the restructuring concept stands a very good chance of success. The AEG blueprint has so far received strong opposition from the work force and the unions.

Bonn plans lower real expenditure

BY OUR BONN CORRESPONDENT

THE WEST German Government has approved a highly restrictive draft federal budget for 1983, aimed at holding borrowing at well below this year's level.

The draft agreed by the cabinet yesterday foresees expenditure of DM 250.5bn (£58.4bn) a rise in nominal terms of only 1.9 per cent over 1982, and thus a drop in real terms (after allowing for an inflation rate of around 3 per cent).

The Government's net borrowing requirement is given as DM 28.4bn (£6.6bn) after a figure of DM 33.9bn (£7.9bn) this year. This cut is aimed at reducing pressure on the capital market, helping keep interest rates low, and thus encouraging investment to create jobs.

The cabinet approval followed marathon talks between Chancellor Helmut Schmidt's Social Democrats and their liberal Free Democrat coalition partners, which ended in accord last Thursday.

Herr Schmidt . . . accord with partners

Above-average rates of budget expenditure increase in 1983 will be registered by the Finance Ministry itself (5.1 per cent), development aid (4.4 per cent) and defence (4.1 per cent).

West German business climate continues to deteriorate

MUNICH — The business climate in the West German manufacturing industry deteriorated further in May, with companies increasingly pessimistic about export chances, the IFO economic research institute said.

IFO's latest survey shows a further weakening of new orders and a continuing fall in existing order levels, despite frequent cuts in output. Stocks of finished goods appear to be increasing and few companies have been able to raise prices, IFO added.

The climate in the building industry remains very poor, although companies are slightly more confident about future prospects. Capacity utilisation fell to 53 per cent in May, compared with 60 per cent in May 1981, the institute said.

Existing order levels fell sharply to an average two months in May, against 2.2 months in April and 2.6 months in May 1981, and building companies also reported falling contract prices.

The usual fall in wholesale turnover in May from April was heavier than average this year, with only food and luxury goods sales maintaining May 1981 levels.

Pressure from high stocks continued in the wholesale sector and companies remain sceptical about long-term prospects, IFO said.

The business climate in the retail sector remained poor in May, with turnover falling a real 3 per cent from May last year. Companies are slightly more optimistic about future prospects but stocks remain high, it added.

Reuter

Stewart Fleming in Frankfurt adds: The pessimism of the latest IFO report was underlined by the publication of the latest new orders figures for West German industry by the Economics Ministry, which point to a further deterioration in the economic outlook.

Between April and May new orders have again declined, by 2 per cent overall, but with a sharp 5 per cent fall in orders from abroad, which have been the strongest support for the economy over the past year.

Comparing April and May with February and March, foreign orders are down 8 per cent and domestic orders have stagnated. New orders are also down in comparison with May last year.

Of particular concern is the continuing downward trend of new orders for investment goods. This comes against the background of further rises in long-term interest rates in recent weeks.

Yesterday, as the Deutsche Mark slumped by 4 pfennigs against the dollar to a year's low of DM 2.5160-70 at one point, bond prices continued to fall, and interest rates on longer term government securities hit an average of 9.50 per cent, almost a full point above their early May level of 8.68 per cent.

In spite of the weakness of the Deutsche Mark against the dollar, however, the Bundesbank is holding short-term interest rates steady and supplying the money markets with liquidity.

Olesen blows cool on EEC union as Danes take chair

BY JOHN WYLES IN STRASBOURG

THE DANISH Government yesterday began its six-month term in the EEC Presidency with a ritual promise to promote solutions to the Community's most urgent problems and a characteristic rejection of the European Parliament's views on the need to reform its institutions.

In a programmed speech to the Parliament which avoided even a token bow to ideas for strengthening Community cohesion and solidarity, Mr Kjeld Olesen, the Danish Foreign Minister, laid heavy emphasis on the need for EEC governments to work for economic revival over the next six months.

Generally, they should seek to stimulate their economies wherever possible while focusing in particular on improving industrial competitiveness, raising investment and maintaining efforts to reduce oil imports, said Mr Olesen.

THE COMMISSION is expected to propose shortly the granting of EEC emergency aid for reconstruction projects in the Falkland Islands, writes John Wyles. The British Government has asked for financing help for repairs to the Falklands sewerage and water systems and to its roads.

The sums involved are likely to be small since the EEC budget has only £550,000 available for such aid this year. However, the British are expected to make further applications for EEC financing from other Community facilities to help reconstruction on the Falklands.

But his dogged concentration on immediate economic, political and international problems dismayed many MEPs who also like to hear pledges to push forward the process of European integration.

But if the British are agnostics on this question, the Danes are atheists and Mr Olesen did not shrink from revealing his scepticism about calls for reforms of EEC institutions.

Speaking the day after the Parliament had committed itself to promoting such reforms aimed at European union, Mr Olesen bluntly stressed the slow but steady progress being made on the current basis of intergovernmental co-operation in the EEC.

"One can be dissatisfied with the results," he said. But co-operation was being maintained and extended and "that is no mean achievement by the yardstick of history." Mr Olsen doubted whether institutional changes would have produced better results and warned "there is a risk involved in forcing progress for which there may not be the political backing."

However, much of his speech was devoted to international problems including relations with the U.S. Although there were signs that the U.S. was beginning to understand the "harm" caused by its interest rate and foreign exchange rate policies, it was perfectly clear that there would be no sustained economic upturn if current anxieties about the dollar and the low rate of the yen continue.

Denmark has had its own problems with the U.S. this year in the shape of an apparent reluctance in Washington to encourage a visit by Mr Anker Joergensen, the Danish Prime Minister, during his Government's EEC presidency.

Washington has not forgiven Mr Joergensen for his outspoken criticism of U.S. policy in Central America.

Mr Olesen: call for economic revival

Ecevit jailing condemned by Thorn

STRASBOURG — M Gaston Thorn, the European Commission president, yesterday condemned a Turkish court decision to jail Mr Bulent Ecevit, a former Prime Minister.

M Thorn said the sentence "put in question the process of return to a pluralistic democracy, of fundamental importance to the Commission in its relations with Turkey."

Mr Ecevit was jailed on Tuesday for two months and 27 days for defying a military decree which bans former politicians from making public statements.

Officials at the European Commission said M Thorn favoured continuing a freeze on the Community's aid programme for Turkey, worth around £230m over five years. The Commission had suggested that some £43m of the Community's 1983 budget should be allocated as aid to Turkey in the hope that the military authorities there would speed up the promised return to democracy, officials said.

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Paris plans unite opposition behind Chirac

BY DAVID HOUSEGO IN PARIS

NAPOLEON BONAPARTE was drawn yesterday into the political battle over the future of Paris by an opposition now elated at having found in the Government's plans for the city an issue on which to move onto the offensive against the Socialists.

M Jacques Chirac, Mayor of Paris and the main opposition leader, took a full page advertisement in the main Paris newspapers yesterday denouncing the proposals to devolve much of the existing administration of the city to 20 municipalities based on the present "*arrondissements*." The advertisement was also signed by other elected deputies and councillors for the city.

The opposition has plastered the capital with "Save Paris" notices—a slogan that exaggerates the danger—and is distributing a mass of tracts.

M Chirac has unearthed for his publicity campaign, what now turns out to have been unfortunate remarks by President Francois Mitterrand in May last year during the euphoria of his installation as president. Visiting the Town Hall after the main ceremony, he recalled the city's battles against absolute power and said: "It is not by chance that Napoleon Bonaparte suppressed Paris's municipal council."

M Mitterrand's plan is not Napoleon's but the opposition is succeeding in making it sound like that. The advertisement claims that Parisians, in crossing the pavement (and hence in moving from one new municipality to another), would also be moving from one old age and family assistance regime to another.

It would seem that some of the legal and technical difficulties of decentralising the administration of the capital have been brought home increasingly to the Government. M Gaston Defferre, the Minister of the Interior, seemed on Tuesday to backtrack on the initial proposals to make full municipalities of the 20 *arrondissements*, thus drastically reducing the power of the Mayor. He said they were intended only as "a basis for discussion" and that the "commune" of Paris would remain.

The original plan was widely seen as an attempt to undermine M Chirac's political base. He is using his control of Paris as a launching pad for his presidential ambitions.

The strategy has badly misfired, however. It has united the opposition (including former President Giscard d'Estaing) behind M Chirac.

Mitterrand seeks new Eastern bloc ties

BY OUR PARIS CORRESPONDENT

FRANCE'S Socialist-led Government is seen as feeling its way towards a new relationship with the Eastern bloc during the current visit to Hungary of President Francois Mitterrand.

M Mitterrand was due to arrive in Budapest yesterday on his first visit to a Communist state since taking office. French relations with the Soviet Union deteriorated sharply after the Socialists took power in France because of M Mitterrand's much tougher attitude over the Soviet invasion of Afghanistan.

M Mitterrand's first priority at the time was to show that, with Communist ministers in the Government, he was nonetheless a stauncher supporter of the western alliance.

The visit comes at a time when French relations with the U.S. are strained by the recent U.S. decision over the supply of components for the gas pipeline from the Soviet Union and the damaging effect on European economies of high U.S. interest rates.

In choosing to visit Hungary first, M Mitterrand has deliberately picked one of the East European states with the closest economic ties with the West and a comparatively liberal record.

His aim is to demonstrate that coolness towards the Soviet Union does not exclude developing relations with other Communist states.

The visit is inevitably seen as opening a door to the resumption of more normal relations with Moscow. The difficulties over the gas pipeline — which would run through Hungary — are also on the agenda for talks with Mr Janos Kadar, First Secretary of the Hungarian Socialist Party

Suarez expected to form own party

By Robert Graham in Madrid

SR ADOLFO SUAREZ, the former Spanish Prime Minister, is widely expected to form his own political party from among his supporters in the ruling Union de Centro Democratico (UCD). The inevitability of his break with the UCD follows a failure to patch up serious differences with the party leadership.

On Tuesday night, Sr Leopoldo Calvo Sotelo, the Prime Minister, announced he had offered his resignation from the party leadership in favour of Sr Landelino Lavilla, the Speaker of Parliament.

This move followed a series of meetings between Sr Calvo Sotelo, Sr Lavilla and Sr Suarez in which the latter sought to obtain control of the party apparatus. Sr Suarez, who was forced to resign from the premiership and the post of party leader in January 1981, is apparently determined to regain the political stage.

Since the UCD's creation in 1977, just before the first democratic general elections, Sr Suarez has been the party's main electoral asset and latest opinion polls shows this to be still the case. He has taken advantage of this and the continued loyalty of a majority of the regional party bosses in a bid to regain power.

Although he effectively chose Sr Calvo Sotelo as his successor to the Premiership, he sought to prevent him also controlling the party.

Initially, Sr Calvo Sotelo was prepared to let Sr Suarez's nominee, Sr Agustin Rodriguez Sahagun, act as party leader but last autumn decided to try to rid the party apparatus of Sr Suarez's supporters. This led to his appointment as party president, a post he never really relished.

In the wake of the UCD's disastrous showing in the Andalucian parliamentary elections in May, Sr Calvo Sotelo began to show signs of reluctance to remain as both head of government and the party.

Sr Suarez apparently was ready to accept Sr Lavilla as the new party leader. But in return for offering his full support to the UCD, insisted on a considerable say in making up the lists of electoral candidates for the general election, almost certain to be held this autumn. Control of these electoral lists would enable him to place his own supporters in Parliament.

Sr Calvo Sotelo managed to rally enough backing to head off this demand and also snubbed Sr Suarez by offering him the third place in standing for Madrid. The UCD political committee is now expected to consider on Monday Sr Calvo Sotelo's offer to step down while Sr Lavilla will give a formal reply by Friday.

This situation leaves the fate of UCD even more uncertain. The liberals within the party are likely to desert when a Liberal Party is constituted next week, headed by Sr Antonio Garrigues Walker. The right-wing christian democrat faction is expected to defect either to Alianza Popular of Sr Manuel Fraga or to a new Popular Democrat Party to be formed by Sr Oscar Alzaga. Sr Suarez and his supporters, meanwhile, are expected to break away to form a Progressive Centre Party. These parties could well retain loose links but would still leave the UCD a lonely rump.

Poland comes under pressure in debt talks

By Peter Montagnon, Euromarkets Correspondent

REPRESENTATIVES of 500 Western banks and Polish government officials said yesterday they held constructive talks in Vienna on rescheduling Polish debts falling due this year, but took no decisions.

"Constructive talks took place, which it is anticipated will lead to an eventual agreement between the banks and Poland on the manner in which the 1982 obligations will be met," the two sides said in a joint statement after the meeting.

The meeting, which represents the first formal session between Poland and the banks on rescheduling debts of more than $2bn (£1.2bn) falling due this year, was expected only to take a preliminary look at the problem.

But Poland is understood to have come under pressure at the meeting to resume at least some interest payments to the banks. Arrears of interest are estimated at around $1bn.

It was not immediately clear how Poland had responded to such pressure. The shortfall of interest payments has been frequently cited as a major stumbling block to a 1982 rescheduling agreement.

Ray Dafter, Energy Editor, on the results of a unique poll

Experts agree to disagree on next oil shock

DO NOT BE fooled by the apparent oil market calm that surrounds ministers of the Organisation of Petroleum Exporting Countries (Opec) meeting in Vienna tomorrow. A new crisis is lurking round the corner.

This, at least, is the impression given by international energy economists that body of minds who attempt to analyse and forecast trends in the supply, demand and price of oil. They are undaunted by their almost universal failure to predict the present state of the oil market which is now influencing discussions in Vienna — a market notable for the surplus of supplies, a diminished Opec influence, and stable prices in real terms.

Papers presented at last week's conference in Cambridge of the International Association of Energy Economists would suggest that in a "surprise free" world there should be more than enough oil and other fuels available, at least well into the 1990s. Consequently Opec's scope for sizeable price increases should be severely restricted.

Oil appears to have become less important in the general energy picture as a result of conservation measures and the development of alternative fuels —a point made by Prof. Morris Adelman of the Massachusetts Institute of Technology, the doyen of energy economists.

On the other hand, Sir Peter Baxendell, chairman of the Royal Dutch/Shell Group's committee of managing directors, warned forecasters against the view that market forces will in future dictate the oil and energy markets. "This seems to me to be not just mistakenly simplistic but potentially dangerous."

So, invariably, energy economists hedge their bets by admitting all their forecasts could be overturned by shocks and crises. No one knows what will trigger the next energy crisis, that is the point about shocks. But the Association has conducted an exercise which at least points to some of the main fears troubling industry analysts.

In a unique poll, conducted at the end of the conference, the energy economists from around the world—but predominantly from Europe and the U.S.—were asked to state what they considered to be a "likely" shock to the international oil market. They were then asked to think of a "less likely" crisis.

The psychology behind the two questions is interesting in itself. It was assumed that answers to the "likely" shock question would be influenced by a consensus view of worldwide tensions and that the second question would elicit the more personal concerns of the economists.

In the end, there was little doubt about the likely seat of the next crisis: the Middle East, a region which accounts for 53.5 per cent of the world's proven oil reserves and over 27 per cent of total oil production.

What was striking was that a revolution in Saudi Arabia was considered the most likely event to cause the next major "oil shock." More than one-fifth of the 53 respondents named a Saudi revolution as the most likely shock. Of the remainder, 13 per cent — the biggest group — reckoned that a revolution would be the next likely shock.

The threat of a Middle East war and possible Soviet aggression in the Gulf were also cited among the concerns. Those who were specific about such issues saw the Arab-Israeli confrontation as the most likely cause of a war, and Iran as the most likely target of a Soviet invasion.

Outside the Middle East the issue that seems to be worrying energy forecasters the most is the vulnerability of nuclear power. Over 10 per cent of the respondents thought there was a possibility of a nuclear accident leading either to a curtailment of the world's atomic energy programme or, even worse, a complete shut-down of the industry. Such a move could have a significant impact given that nuclear power now accounts for about 5 per cent of energy consumption in Western Europe and about 6 per cent in Japan.

One of the anonymous respondents thought there was a one-in-five chance that a significant reactor accident could curtail nuclear development in the West for 10 to 15 years. In contrast, the economists considered that the probability of a complete halt to Saudi production was one-in-20.

In the light of events in the 1970s it is not surprising that, in the main, shocks were expected to cause a surge in oil and energy prices. But in many ways a sudden drop in prices could also be disruptive. For instance, if oil prices fell below $20-$25 a barrel much of the high-cost development in the North Sea might be rendered uneconomic. Treasury revenues would suffer from lower prices and lower production.

Judging by the papers presented at Cambridge, few energy forecasters expect oil prices to plunge over the next 20 years or so. Quite a few, however, are coming to the conclusion that prices in real terms might continue to decline for the next few years as a result of low economic growth, continuing conservation and the development of alternative fuels.

The poll showed that a collapse of Opec would be the most likely cause of a sudden drop in oil prices, although 10 per cent of the economists mentioned prolonged economic recession in one of their two answers as another reason for falling prices.

A similar proportion of those polled also saw the possibility of a major new oil discovery leading to a boost in supplies and a fall in prices. The China Seas and an undefined area "south of Port Stanley," in the Falklands, were cited as the likely spots for such big oil finds.

Policy makers will find it difficult to plan on the basis of such cursory findings.

EVENTS EXPECTED TO CAUSE THE NEXT MAJOR OIL SHOCK

(%)	Likely	Less Likely
Leading to higher oil prices		
Revolution in Saudi Arabia	21	13
War in the Middle East	13	9
Temporary disruption of Middle East supplies	15	6
Soviet aggression in the Gulf	9	8
Nuclear power station disaster	9	4
Leading to lower oil prices		
Collapse of Opec	9	8
Major oil discovery outside Opec	2	8
Others	22	44
	100	100

HOW THE NEXT OIL SHOCK COULD AFFECT PRICES

%

Higher Oil Prices	Likely	Less Likely	Lower Oil Prices	Likely	Less Likely
Prolonged reduction in Middle East supplies (incl. Saudi revolution)	30	28	Opec break-up	9	8
Temporary reduction in Middle East supplies (incl. Arab-Israeli War)	28	15	Prolonged recession in OECD	8	2
Rising world demand/stronger and/or enlarged Opec	6	15	Major oil discoveries outside Opec	2	8
Nuclear power station disaster	9	4	Stricter energy conservation programmes in OECD	—	4
			Improved oil extraction tecnology	—	2
	73	62		19	24

Other—humorous, illegible, etc.	Likely	Less Likely
e.g. "Energy economists agree on future market trends"	8	14

Sudan fails to pay $22m interest

By Quentin Peel, Africa Editor

THE GOVERNMENT of Sudan has failed to pay the latest $22m (£12.77m) in interest due on its commercial bank debt, which was rescheduled only last December, according to bankers in London.

Payment was due on Tuesday, but the 100-odd banks involved in Sudan's external debt were informed last week that the central bank did not have the cash available.

The cash crisis has come about in spite of the combined efforts of commercial banks, a consortium of aid donors, the Paris club Western government creditors, and the International Monetary Fund, to resolve Sudan's $3bn external debt problem.

The immediate cause is the refusal of the IMF to pay out Sudan's latest SDR 35m drawing—less a SDR 12m repayment—of its SDR 198m standby facility, which was due to be made at the end of last month.

The problem is that Sudan has outstanding arrears with Paris Club creditors, and therefore does not comply with the IMF's credit conditions.

At the same time, aid from donors, who drew up a $360m package in January, has come through more slowly than expected.

Behind the immediate causes, however, is a further deterioration in Sudan's external trade balance over the past six months, with a drop in export commodity prices, notably for cotton, and an increase in imports, including sugar and wheat.

Although the Sudan government is adamant that payment will be made, and the IMF drawing is expected to be approved towards the end of August, there is serious concern among commercial bankers that the country's cash shortage could mean yet another debt rescheduling.

Australian Labor cools uranium plan

The Australian Labor Party yesterday softened its implacable opposition to uranium mining and export — a move that should enhance its standing with the mining industry, as well as its political chances, Michael Thompson-Noel writes from Sydney. Left-wingers at the party's policy-making conference in Canberra vowed to overturn yesterday's decision as soon as possible. But as it stands, the official Opposition's new policy gives a future Labor cabinet a free hand in endorsing existing export contracts.

Zimbabwe oil pipeline reopens

Zimbabwe has announced the re-opening of a 288 km oil pipeline between the Mozambican port of Beira and Feruka, near the eastern Zimbabwe city of Mutare (formerly Umtali), Reuter reports from Herare. The Zimbabwe Ministry of Industry and Energy Development said last night that alternate supplies of diesel and petrol were being pumped into the line, owned by Lonrho.

Indian credit eased

India's Finance Ministry, concerned about complaints of a build-up of stocks yesterday ordered banks to ease credit restrictions imposed last year to contain inflation and to comply with conditions laid down by the International Monetary Fund, K. K. Sharma writes from New Delhi.

Nguyen Co Thach . . . refused to say how many troops would leave

Vietnam to reduce forces in Kampuchea

By Jonathan Sharp in Holchi Minh City

VIETNAM's Foreign Minister, Mr Nguyen Co Thach, announced yesterday that Vietnam will this month pull out some troops occupying Kampuchea since 1979, dropping Hanoi's earlier conditions for such a withdrawal.

Vietnam had in fact already pulled out a number of its troops last year, be added, and would consider further withdrawals soon, depending on bow Thailand, which borders Kampuchea, responds to this latest initiative.

In making this gesture, the Vietnamese have dropped a condition that Thailand stops giving aid and comfort to the Khmer Rouge guerrillas who are fighting against 200,000 Vietnamese troops from bases strung alone the Kampuchea-Thai border.

Also, Vietnam evidently hopes to demonstrate its flexibility ahead of Mr Thach's planned tour later this year of non-communist South-East Asian nations which oppose Hanoi's move into Kampuchea and are demanding total withdrawal.

The impact of the announcement, which was also included in a communiqué, was blunted somewhat by Mr Thach's refusal to say, in face of repeated questions, how many Vietnamese would leave Kampuchea and from what region.

The Vietnamese announcement came after the Khmer Rouge and two non-communist resistance groups formed a coalition Government aimed at giving the anti-Vietnamese forces more credibility and also at attracting more international aid.

But Mr Thach denied that the troops withdrawal was intended as a diplomatic counter to the coalition, which he described as a farce.

Defining the positive response that Vietnam required from Thailand before considering further troop withdrawals, Mr Thach said Thailand must not allow China, the Khmer Rouge and other "reactionary forces" to use Thai territory to launch attacks against Kampuchea.

One interesting point made by the Foreign Minister centred on the Kampuchean seat at the United Nations, which has been held by the Khmer Rouge under its title of Democratic Kampuchea.

The communiqué stated that the Vietnamese-backed Government in Phnom Penh does not require the UN to accept it as the Kampuchean representative if the Khmer Rouge were rejected.

PLO 'has not yet agreed to plan to quit Beirut'

BY DAVID HOUSEGO IN PARIS

FRANCE'S Foreign Minister, M Claude Cheysson, who had talks in Paris yesterday with Mr Farouk Khaddami, political director of the Palestine Liberation Organisation, said afterwards that the organisation bad not yet given its agreement to any plan for the evacuation of Palestinians from West Beirut.

France denied on Tuesday that it would join the U.S. in sending forces to police an evacuation of the city. The Ministry of External Relations said that any French participation would require that such an operation be initiated by the Lebanese Government and bave the full support of the Palestinians.

It would seem, bowever, that contingency plans bave been drawn up for French troops to be involved. But in French eyes, an evacuation under international supervision could only follow a political agreement under which the PLO and Israel recognised each other's right to exist.

Tbe French believe there has been an evolution in PLO thinking. M Cheysson declared yesterday that the PLO leadership bad told the French recently that they were "ready to pass from an armed pbase to a political phase" of their struggle if "their political role was recognised."

France wants Israel to pick up this implied PLO offer to negotiate on the basis of mutual recognition.

Three leading members of the Jewish community in France—M Pierre Mendes-France, the former Prime Minister; Dr Nahum Goldmamn, honorary life President of the World Jewish Congress, and M Philip Kluttznick former President of the World Jewish Congress—last week appealed to Israel to negotiate with the PLO.

In an initiative by no means welcome to the whole Jewisb community in France, they called for "reciprocal recognition" and negotiations

French diplomacy is now focused on achieving a joint UN resolution with Egypt on a withdrawal of forces in the Lebanon.

But the French have no wish to join in an operation with the U.S. that would be interpreted in the Arah world as lending support to Israel's aims.

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Cheysson . . . PLO "ready to pass from armed to political phase"

David Lennon in Tel Aviv assesses the prospects for the PLO's cause after its setback in Lebanon

Defeat for the Palestinian symbol, not the spirit

THE SHOCK of Israel's massive attack on Palestinian strongholds in Lebanon and the pending surrender or military defeat of the PLO leadership in Beirut has stunned the militant Palestinians living under Israeli occupation on the West Bank and in the Gaza Strip.

Despite defiant statements proclaiming that the defeat of the PLO in Lebanon will not deter the Palestinian people from pursuing their goal of attaining an independent state, it is clear that the events of summer 1982 have proved as big a setback for the Palestinians as the Black September of 1970, when King Hussein drove the guerrillas out of Jordan.

"People are confused about what will happen," one western observer on the West Bank commented, "but their spirit is not broken." Mr Sama'an Khoury, editor of the East Jerusalem weekly Al Fajr, explained: "The Palestinian people are the infrastructure of the PLO, and unless General Sharon can destroy all the Palestinians, he cannot destroy the PLO."

Even people not noted in the past for their support of the PLO have been outspoken about the futility of this war in terms of breaking the will of the Palestinians. "With this campaign in Lebanon, Mr Sharon has destroyed moderation itself," says Mr Anwar Nusseibeh, a former Jordanian defence minister and ambassador to London. "The PLO is a symbol of a cause. You may destroy a symbol, but the cause remains. If the PLO is destroyed, a new symbol will arise which is more radical."

This sharply contradicts the view of Gen Sharon, the Defence Minister, who believes that by crushing the PLO in Lebanon, he will have opened the way for more moderate, that is, more co-operative, leaders.

Even before the war in Lebanon, Israel had been trying to alter the situation on the West Bank by deporting or dismissing the elected mayors of the main towns, who are almost all open supporters of the PLO.

This was paralleled by the fostering of village leagues headed by pro-Israeli figures. The most senior of the village league leaders is Mr Mustafa Dudeen of the Hebron region. Protected by Israeli soldiers and more recently by his own private militia, trained and armed by the Israelis, he frequently speaks about the need for co-operation with Israel.

While Israel places a great deal of hope in the like of Mr Dudeen, the village leagues have singularly failed to attract much support.

Indeed, though Israel has dismissed five mayors and municipal councils on the West Bank in the past seven months, it has failed in most cases to find local residents willing to take over the vacant posts.

After a violent spring on the West Bank, during which demonstrators and Israeli soldiers clashed daily with many deaths, the territory was calm for the first three weeks of the Israeli invasion of Lebanon.

But in the past few days there has been a resurgence of violence as the Palestinians took to the streets again, this time to protest at the Israeli invasion of Lebanon and the siege of the PLO forces in Beirut.

Mr Sama'an Khoury admits that the defeat in Lebanon means a setback for the PLO and the Palestinian cause. "But King Hussein killed 25,000 of our people in 1970 and it only took the PLO five years to re-arm. It may be more difficult now because the chances of having a base near Israel is less likely, but we cannot be defeated because our cause is just."

Despite the military defeat, the Palestinians of the West Bank and Gaza Strip have already expressed their pride in the way the PLO fighters have held off the Israelis.

The situation is still in flux and the attitudes of the majority of the West Bankers have yet to be clarified, but only a fool would claim today that Israel's war in Lebanon has crushed Palestinian nationalism.

Palestine—an idea which will not die, Page 21

World Bank agrees S. Korea loan deal

BY DAVID DODWELL

THE WORLD BANK yesterday committed itself to a "substantial lending programme" to South Korea, including a series of structural adjustment loans. It also called on leading Western governments to join it in co-financing projects in the country.

Korean officials attending the consultative group meeting, held every two years at the World Bank offices in Paris, predicted foreign borrowing needs of about $47bn between now and 1986, with its total foreign debt rising from the present $37bn to almost $65bn.

The World Bank expressed full confidence in the country's massive borrowing programme, describing it as "prudent," as long as assumptions of 6-7 per cent GNP growth, strong export growth, and falling international interest rates were upheld.

Foreign borrowings this year are likely to be about $6bn, down from original projections of $7.4bn. About $4.4bn of this year's total is needed for debt and interest repayment.

Concerned at this high level of debt and interest repayment, World Bank officials evidently called on Korea to trim its short-term borrowings and to increase instead medium and long-term borrowing.

They also called for fresh efforts to boost direct foreign investment, which rose from about $100m in 1980 to $150m last year. The present fifth five-year plan, which began this year, aims for direct foreign investment of $550m by 1986.

The Bank last December agreed its first structural adjustment loan to Korea, worth $250m. Officials were unable to say how large the planned lending programme to Korea will be, but it will almost certainly exceed present commitments running at about $600m a year.

The proposal to encourage co-financing comes at a time when the World Bank's own funds are being squeezed.

It is likely to broaden Korea's capacity to borrow at a time when it is close to its own borrowing limits. It ensures international collaboration in Korea's development. It allows the World Bank's funds to go further than otherwise possible, and it provides governments or private investors with confidence in projects without the need for them to invest heavily in feasibility studies.

Seven people accused in the recent kerb market fraud in South Korea went on trial in Seoul yesterday.

Facing the Seoul district criminal court were an ex-deputy director of the Korean Central Intelligence Agency, Lee Chol-Hi, his wife Chang Yong-Ja, and five of their associates. The prosecution alleges that the couple managed to amass nearly $1bn in less than two years by discounting company promissory notes in breach of trust.

Reagan backs flat-rate tax plan

BY ANATOLE KALETSKY IN WASHINGTON

PRESIDENT REAGAN has tentatively endorsed a flat-rate tax system, which would subject all taxpayers to the same percentage tax rate irrespective of their incomes.

The President called the flat-rate tax proposal "very tempting" and "worth looking into," in a speech in California on Tuesday.

His endorsement will add significantly to the credibility of numerous tax reform proposals which have been circulating in Congress in recent months.

The political popularity of flat-rate tax reforms is based on the fact that they would eliminate all or most tax exemptions and loopholes as well as lowering marginal tax rates on high incomes.

Proposals currently being circulated in Congress provide for a flat-rate tax of between 14 and 19 per cent. This would raise the same total revenue as the present progressive tax system which has marginal tax rates of up to 45 per cent (50 per cent until July 1 this year).

Although top-rate taxpayers would benefit at the expense of lower and middle income groups from the abolition of a progressive tax system, the Democratic Party last month endorsed a study of flat-rate taxes at its national convention.

Conservative Republicans, particularly those who had strongly backed "supply-side" tax cuts to increase economic incentives, believed a flat-rate tax would further reduce the disincentive effects of high marginal tax rates without cutting into Government revenues and producing huge budget deficits.

Among the flat-rate schemes proposed is a conservative one which would impose a 19 per cent tax rate, with no deductions on all incomes above $5,000 (£2,890) for a married couple. This tax rate would also apply to corporate profits, but capital gains and dividend incomes would be exempt.

At the other end of the political spectrum, two Democratic congressmen have proposed a graduated system, with a 14 per cent rate beginning at an income of over $7,600 for a married couple, and rising in three stages to a 28 per cent rate above $65,000. This would permit the present exemptions for mortgage interest and charitable payments to be retained.

Guatemalan media faces censorship

GUATEMALA CITY—Guatemalan President Efrain Rios Montt has banned the media from printing or broadcasting any reports about left-wing guerrilla activity not issued by his office.

The move, announced in a communique which carries the force of an official order under a State of Siege proclaimed last week, also reaffirmed a ban on all political activity.

The communique issued on Wednesday said any newspaper or broadcasting station violating the ban could face daily government censorship of news material.

Gen Montt, who came to power in a bloodless military coup, has ordered his army into a major offensive against the guerrillas following the expiry of an amnesty offer.

The army has given no details of the number of troops involved in the operation but diplomats said it was by far the biggest since he came to power in March.

Some 2,000 people, mainly peasants, have been killed this year in political violence involving guerrillas and government troops backed by right-wing paramilitary groups.

Reuter

Junta unites behind Bignone

BY JIMMY BURNS IN BUENOS AIRES

THE POSITION of Argentine President General Reynaldo Bignone has been strengthened with the announcement yesterday that a number of air force and navy officers have agreed to return to key administrative posts.

Hundreds of air force and navy appointees resigned two weeks ago when their respective commanders Brig Basilio Lami Dozo and Admiral George Anaya gave up their active participation in the junta.

The two military leaders had objected to the army's appointment of Gen Bignone.

But relations between the three branches of the armed forces have improved since last week's attempted reconciliation collapsed. It had focused on the creation of a civilian vice-president.

Air force Brig Jose Miret has been confirmed in his post as planning secretary. Brig Miret played a key role as a foreign affairs adviser during the presidency of Gen Leopoldo Galtieri. He is regarded as one of the military regime's "intellectuals" who has been pressing for a reconciliation.

Another significant appointment is that of Adm Ramon Rosa as head of the President's military household. One of Adm Arosa's main roles will be to act as a personal intermediary between the president and the armed forces. He will also be in charge of the President's personal security.

Adm Carlos Sastro Madero has been confirmed in his post as the head of Argentina's Atomic Commission.

Military officials were yesterday suggesting that Brig Gen Lami Dozo and Adm George Anaya could voluntarily resign their posts in the next few days in an effort to help Gen Bignone reform the ruling junta.

National rail strike threatened in U.S.

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

THE U.S. faces a crippling rail strike from Sunday unless President Ronald Reagan intervenes.

The strike, which will mainly affect freight trains, will paralyse shipments of goods ranging from Kentucky coal to California fruit across most of the country.

The Brotherhood of Locomotive Engineers' Union and the National Railway Labor conference, the industry negotiating body, say it is unlikely agreement can be reached on a new contract by the Sunday deadline. The union sent out strike orders to its members yesterday.

President Reagan has the power to order a 60-day cooling-off period and appoint an advisory board which would report to him with recommendations for a settlement.

The industry has said it would like him to step in to avert the strike, but there has so far been no indication from the White House that he will do so.

The walk-out by an estimated 35,000 drivers and firemen would hit all U.S. rail traffic with the exception of most of Amtrak, the Government-run national passenger service, and the private Conrail freight and commuter system in the north-east.

The National Mediation Board said it was preparing a recommendation to Mr Reagan on the establishment of an advisory board and said it would probably be in touch with the White House before the end of the week.

Dow Jones halts index futures proposal

By David Lascelles in New York

DOW JONES and company has won an important legal battle in its efforts to prevent its name being associated with the fast-growing but controversial stock index futures markets.

Further battles may yet be fought. But as things stand after a court ruling this week, the stock index futures industry may have to go ahead without the best-known index of all, the Dow Jones index of 30 industrial stocks.

The Chicago Board of Trade, one of the largest futures exchanges, had planned to launch a contract based on the Dow Jones index. But Dow Jones and Company claimed proprietary rights to the index and sued to halt the plan.

The company lost the first legal round in a Chicago court but then appealed to the Illinois supreme court which found in its favour on Tuesday.

The Chicago Board of Trade said yesterday it was disappointed by the decision but declined to comment on what further action it might take until it had studied the court's written opinion.

Dow Jones says it does not wish its name to be associated with a speculative trading instrument, and at one stage in the court hearings it threatened to stop compiling the Dow Jones averages altogether if the courts did not rule in its favour.

Other index compilers like Standard and Poors and Valoe Line, have allowed their names to be used for futures on other exchanges.

Stock index futures give investors and traders a cheap but highly leveraged way of hedging or speculating on movements in the stock market.

The first contracts were traded only last February and volume is still modest, but many people on Wall Street believe their potential is huge.

Vulnerable Caribbean economies under pressure

BY CANUTE JAMES IN KINGSTON

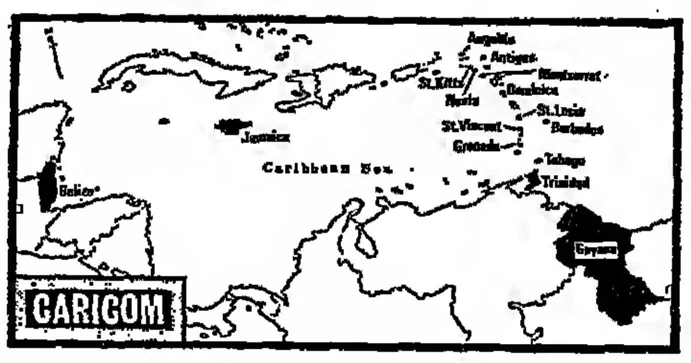
THE ECONOMIES of the countries of the Commonwealth Caribbean have suffered setbacks in the past few months through a combination of domestic and external factors, according to the Caribbean Development Bank's latest report on the region.

The Bank is the region's major financial institution, with headquarters in Barbados. It offers little solace to regional governments and economic planners who may have been hoping for fewer and lighter economic pressures in the coming months.

The report covers the island economies, and those of Guyana in South America and Belize in Central America. It said the state of the financial affairs of the area underscored "... the vulnerability of the region to economic events in the industrialised countries." It also reflected the effect of "... domestic factors, including production difficulties, problems in national economic management and adverse weather conditions."

The external factors to which the Bank refers are influential in the reduction of earnings from bauxite and tourism, two important pillars of the region's economy.

Lack of demand from the industrialised countries is threatening two pillars of the region's economies: bauxite mining and tourism



The economies of the region are all based on agriculture, and agricultural exports have also been suffering. The Caribbean Development Bank echoed recent complaints from sugar exporters about financial problems affecting prices of sugar shipped to Britain, under the Lome Convention governing trade between the countries of the African, Caribbean and Pacific group, and the European Economic Community.

"The quotation of prices in European units of account caused the Caribbean Community and Common Market (Caricom) producers to suffer a foreign exchange loss as domestic currencies, tied to the U.S. dollar, moved upwards against European currencies," the Bank reported. It was worsened for exporters by the fact that those who made sales on the world market suffered from the fall in prices from £310 per tonne in January of 1981 to £118 per tonne today.

The Bank report identified other problems. "Added to these price effects was a decline in output ... as a result of a variety of domestic factors, including disease and pests, labour difficulties, factory inefficiences and adverse weather conditions." The region's sugar production last year fell below 1980's level by 8.7 per cent.

Earnings from the region's other major agricultural export, bananas, were also affected by the appreciation of the U.S. dollar against sterling-denominated prices to exporters. The industry has been attempting to recover from the ravages of a hurricane in the summer of 1980, in an effort to regain the United Kingdom market which has been taken over by fruit from Central America. Exports in the Windward Islands last year were still 12.4 per cent below 1979, and 66 per cent below 1979 in Jamaica.

The decline in the international aluminium market has seriously affected bauxite mining and refining in Jamaica and Guyana, the region's ore producers. Combined production of 13.4m tonnes of ore last year, for example, was 4.1 per cent below 1980, but the industry will suffer further this year as the aluminium market has been slow to improve. Several hundred workers have already been sacked from the Jamaica mines, and regional bauxite mining is expected this year to fall about 30 per cent below last year.

The Bank reports that this sector is also being affected by "... internal factors such as shortages of skilled personnel and unreliable electricity supplies."

Almost all the islands in the group depend heavily on tourism to shore up their foreign earnings, but the travel trade has been suffering from what the Bank reported was an "... overall weakness in demand ... attributable mainly to the recession in industrial countries with demand from the U.S. being more seriously affected than demand from Europe."

All these problems are being reflected in ever widening trade and current account deficits—the notable exception being Trinidad and Tobago, whose economy is supported by petroleum exports. The economic bases of the Commonwealth Caribbean countries are extremely narrow; in hard times, such as now, they have nothing to fall back on.

The cold comfort to be found in reports such as those of the Bank promises little reprieve for the region's 6m people. Problems such as unemployment, conservatively estimated at 18 per cent, are likely to worsen.

Many countries are being forced to borrow more, but this increases the burden of debt on already weak economies. The problems are illustrated painfully by the Jamaican economy which last year borrowed U.S.$514m (£285m) but paid out $437m to service its debts—and this after an agreement with several banks to re-finance some loans.

The heads of government of the Caricom countries are expected to meet in the next few months. The Caribbean Development Bank report and the pessimism which clouds all projections for improved economies will make a depressing agenda.

Australian mining companies join anti-protectionist lobby

BY MICHAEL THOMPSON-NOEL IN SYDNEY

AUSTRALIA'S anti-protectionist lobby received a boost yesterday when four leading mining companies joined forces with farmers, retailers, and consumers groups to help persuade the Government to cut levels of protection.

Earlier this week, Australian manufacturing associations took the opposite tack, arguing that cuts in levels of protection in the present climate would hit growth and increase unemployment.

The mining majors were CRA, MIM Holdings, Western Mining Corporation Holdings, and Renison Goldfields Consolidated. They have joined the anti-protectionist lobby's calls for implementation of an Industries' Assistance Commission report favouring cuts in protection.

Australia's manufacturing sector is one of the most strenuously protected among industrialised countries. Resource companies have long argued that levels of protection enjoyed by some sectors, notably cars, clothing and footwear, have only subsidised inefficiency.

Other groups in the anti-tariff camp include the Australian Retailers' Association, the National Farmers Federation, and the Australian Federation of Consumer Organisations.

The miners' stand is seen as giving a boost to the anti-protectionist forces within the cabinet, which include Mr John Howard, the Federal Treasurer and Deputy Leader of the Liberal Party.

The anti-tariff lobby claims that Australia's comparatively high inflation rate is, in part, a direct result of trade barriers.

In Canberra, the IAC report was considered by the Cabinet on Tuesday, but has been referred back to an inter-departmental committee. One of the proposals being considered by the Government is for the abolition of export incentives, minor cuts in tariff levels, and an accelerated depreciation allowance.

The IAC report is understood to have proposed reducing all tariffs by 35 per cent over 10 years.

Jakarta counterpurchase policy details awaited

BY COLINA MacDOUGALL

DETAILS of Indonesia's new policy of counterpurchase are not finalised and may be some weeks in coming, Mr A. B. Buckwell, assistant director for Kleinwort Benson (merchant bankers) said yesterday.

"I would advise companies to keep on negotiating," he added. "Some have already signed letters of undertaking on the counterpurchase element of their deals, with some amendments which afford them protection included."

Indonesia announced at the end of last year that it would adopt a new policy of linking certain government-sponsored contracts to exports—in effect, the foreign partner now has to undertake to buy Indonesian commodities to the value of the contract.

The legislation on the policy has not yet been signed by President Suharto, however, and detailed regulations have yet to emerge.

Indonesia has been pressed towards this new system by an impending trade deficit of $2bn, the result of the world recession, and the need to continue its large development projects using foreign equipment.

Basic requirements of the policy are that state contracts exceeding Rupiah 500m (£450,000) are subject to 100 per cent countertrade, with some exceptions including those financed under aid. Indonesia has published a list of products that can be exported to fulfil the counterpurchase requirement and of companies to supply them.

Under the system, the foreign partner must sign a letter of undertaking when he negotiates his contract in which he agrees to the counterpurchase, and to a penalty of 50 per cent of the unfulfilled value if it is not completed. "This is a severe disincentive," said Mr Buckwell, in his address to the London Chamber of Commerce and Industry.

Indonesia's counterpurchase system is not intended to prevent the British exporter using Export Credit Guarantee Department finance, since there will be two separate contracts. (ECGD does not cover contracts which contain countertrade elements.)

The embryo state of the regulations is encouraging British businessmen to believe that they can be improved. "It's not practical to do counterpurchase on the basis of what has been suggested," said one. "The Indonesians did not quite understand what they were getting into. They're now asking for advice."

Dunlop wins £60m deal from Boeing

By Michael Donne, Aerospace Correspondent

DUNLOP AVIATION Division of Coventry has won a £60m contract to supply structural carbon brakes and main wheels for 100 of the new Boeing 757 twin-engined jet airliners.

An option to supply wheels and brakes for another 200 Boeing 757s has also been awarded by Boeing, which could raise the value of the deal for Dunlop to about £200m.

Boeing's own forecasts of eventual sales of the 757 aircraft over the next 10 to 15 years is for over 1,000 aircraft. Dunlop stands a good chance of winning a substantial part of these further orders.

Dunlop won the order in the face of fierce competition from U.S. brake manufacturers, including Bendix, Goodyear and Goodrich.

One of the factors clinching the deal was a decision by Delta Air Lines of the U.S. to specify the Dunlop wheels and brakes on the 60 Boeing 757 aircraft it has on order, replacing existing steel brakes.

As a result of the order, Dunlop will spend at least £7m on new plant investment at its Coventry factory, where about 1,800 are employed.

The order will safeguard employment at the factory. This has encouraged the convenors of the unions at the factory to sign a document stating that they will use their "best endeavours" to ensure the maximum co-operation with management in industrial relations.

Carbon brakes are not only lighter than steel, but also have a longer life, while maintenance costs are also reduced.

Dunlop already has a £10m contract to supply tyres for the main wheels on the Boeing 757, and expects to win further tyre orders.

Britain is already well represented on the 757, since seven out of the eight airlines which have ordered the aircraft so far have specified the Rolls-Royce RB-211 Dash 535 engine for it, including British Airways, Monarch and Air Europe of the UK.

● Boeing is making a bid for sales for the larger of its two new jet airliners, the 767.

The 767, in the colours of United, a U.S. airline which has ordered 39 of the aircraft, is on a sales demonstration tour of parts of Europe, North Africa and the Middle East.

Boeing feels that it still stands a chance of winning some more orders on this side of the Atlantic—so far only Britannia of the UK, Braathens of Norway and El Al of Israel have ordered the 767 in Europe and the Middle East.

Hungary joins World Bank to step up export drive

BY DAVID BUCHAN

HUNGARY this week became the 143rd member country of the World Bank, enabling its companies for the first time to bid for the contracts which the bank puts out to international tender each year.

The Budapest Government has made clear that its main motive in joining the bank has been to step up its export drive to the Third World, rather than to borrow from the bank.

Hungary is probably not eligible to draw on the bank's resources, unlike the International Monetary Fund which it joined in May and from which it hopes to borrow soon.

World Bank borrowers have to be poor enough to have an income per capita of less than $2,650 (£1,472) while, according to World Bank figures, Hungary had a GNP per head of some $3,850—even in 1979. But World Bank projects are open only to companies from bank member countries. In 1980 World Bank contracts totalled $3.8bn.

In its drive this year for more export earnings to service its high debt, Hungary has been pushing Britain, among other West European countries, to join it in ventures in the Third World.

Agro-industry contract

BY WALTER ELLIS IN AMSTERDAM

HVA Holland Agro Industries, part of the Internationaal Koninklijke Boskalis Westminster Group, has won a Fl 105m (£22m) contract to carry out the first phase of an integrated poultry project south of Khartoum, the Sudanese capital. The contract was awarded by the Arab Sudanese Poultry Company, a division of the Arab Authority for Agricultural Investment and Development.

Finance is being raised through the Algemene Bank Nederland, with a guarantee from the Nederlandsche Credietverzekering Maatschappij.

Phase one of the project, due to start in September, will involve construction of all buildings and infrastructure to bring about an annual production of nearly 11m eggs and 2m processed broiler chickens. When the project is completed, the annual production rate should be 43m eggs and 6m broilers.

How Peter Rees changed from promotion to diplomacy

BY PAUL CHEESERIGHT, WORLD TRADE EDITOR

U.S. DECISIONS first to place preliminary countervailing duties on steel products from European companies and second to impose a ban on the use of American technology for the Siberia-West Europe gas pipeline have not only brought U.S.-EEC relations to a new, low ebb.

They have also coincided with other developments, the sum of which has thrust Mr Peter Rees into an unusual position of prominence for a British Minister of Trade.

The Minister for Trade usually spends much of his time on export promotion, not a task designed to provide maximum exposure. The best usually hoped for is the return to London from an overseas trip grasping a piece of paper with a new contract on it.

And the contracts are not usually the biggest or the most glamorous. Official announcements on those seemed reserved for Prime Ministers or Secretaries of State.

But the Cabinet reshuffle last April changed the rules of the game. Lord Cockfield became Trade Secretary, succeeding Mr John Biffen. This meant the emergence of Mr Rees as the torch bearer for the Department in the Commons and the passage over his desk of much work he would not otherwise have seen.

Then, over the past month, increasingly tetchy commercial relations with the U.S. have turned into something not far short of crisis. Mr Rees has changed from export promoter to trade diplomat.

It has been a convenient role to play for the 56-year-old tax lawyer whose reputation in the Conservative Party has been based hitherto on Treasury affairs. There can be few better roles to play than the fierce defender of British interests against the insensitive might of a superpower.

With that, there is the added bonus that the steel and pipeline issues have an EEC dimension, thus chiming in with another element of Government policy. Resistance to the U.S.'s pipeline policy can probably only be effective in the long run if the European interests stick together. On steel, the European Commission is the negotiator anyway.

By chance, Mr Rees was the first EEC Trade Minister to visit Washington after the pipeline decision in the middle of last month. And the impression he brought back of future U.S. actions is one of uncertainty, it appears.

"There are differing perceptions from different areas of the Administration," he said in an interview. "This was the background of Mr Haig's resignation as Secretary of State. U.S. debates are less internal than in some other countries. You don't necessarily get a uniform perception of the problem."

The problem for both the UK Government and the EEC more generally is how far the Reagan Administration will go in enforcing the ban on the provision of U.S. technology for the pipeline, without which European companies cannot complete contracts already signed without running the risk of falling foul of U.S. law.

As far as steel is concerned, the problem is finding a way of reducing the anxieties of the U.S. steel companies so that the cases which have so far produced countervailing duties against imports on a preliminary determination, of up to 40 per cent in the case of British Steel, may be dropped altogether. There may be a deal which could be patched together to keep the trade flowing.

The U.S. is under pressure to back off. "It's quite clear that we should persist in vigorous opposition, although I don't want to overstate the room for manoeuvre the U.S. Administration has left itself," said Mr Rees.

The seriousness of the issues has been magnified by the fact that a whole series of disputes are running together and coalescing. It is not only a question of steel and the pipeline, but the running arguments over agriculture, future liberalisation of the world trading system, the aftermath of the row on fixed-term export finance, all welded on top of different conceptions about East-West trade and differing approaches to bringing the world economy out of recession.

But trade-offs of one issue against another seem unlikely. Different interests are involved in each case. This means that the issues have to be disentangled and treated seperately.

The pipeline is, said Mr Rees, "an issue of considerable delicacy because President Reagan has stated his view in public. In no country will a political leader alter fundamentally a publicly-stated view."

But perhaps President Reagan did not know, did not understand what he was starting when he sought to extend sanctions against the Soviet Union.

"There is a growing realisation in Washington that there are some unattractive side-effects of the position that has been taken up, that European countries may not be disposed to accept unquestioningly the firm lead the U.S. Administration has attempted to give," Mr Rees noted.

This suggests that there might be some flexibility in the application of sanctions. But how much is not clear. The British Government has invoked the Protection of Trading Interests Act and could now, if it wished, prohibit John Brown Engineering of Clydeside from meeting the U.S. requirements.

This would mean that John Brown could despatch to the Soviet Union turbines it is completing as part of its £104m order, and have the protection of the Government. But Mr Lionel Olmer, the U.S. Under Secretary of Commerce, has hinted that if it did, it could, as is proper under American law, be blacklisted in the U.S.

So there is a fine calculation about how far to press the opposition.

If other European Governments also took steps to protect their companies—and the French Government before has defied U.S. boycott policies—then it is an open question whether the Reagan Administration would find it worthwhile to blacklist a large range of foreign enterprises.

UK action, however, is not dependent on what other countries do. Having already used the Protection of Interest Act to specify that U.S. actions are against the national interest, the thrust of its opposition would be lost if it did not follow through quickly.

The steel issue is of a different quality.

The main question is market access for British Steel. The Government is faced with contesting a U.S. definition of subsidy and arguing it through the General Agreement on Tariffs and Trade in Geneva to an agreed resolution, or encouraging the patching up of a deal, involving, inevitably, quotas.

Final determinations on the countervailing duties and later on anti-dumping duties are not expected until later this year.

Much of this is in the hands of the European Commission "which should act urgently," Mr Rees said. But the Commission's actions will be dictated by the way the EEC hangs together on the issue. So far it has.

Negotiations on quotas have been taking place spasmodically for months. Quotas are against the West German philosophy on these matters. But if steel pipes and tubes are to be included, a matter of contention, then the German interest is very much involved.

Peter Rees: thrust into prominence

Roger Taylor

UK NEWS

British Gas and Phillips to hold exploration talks

BY RAY DAFTER, ENERGY EDITOR

BRITISH GAS CORPORATION officials are due to hold talks today with a North Sea exploration consortium in a bid to secure fresh natural gas supplies.

The talks will be part of a British Gas campaign to initiate the development of several new offshore discoveries. It is understood that the corporation has had discussions with the operators of at least six North Sea fields in the hope of preventing a shortfall in the 1990.

Today's talks are expected to involve a consortium led by Phillips Petroleum, operator of the Audrey gas field in the southern sector of the North Sea. The field, in block 49/11, was discovered in 1976 when gas flowed at rates up to 18m cu ft a day.

The discovery which extends into concessions operated by Conoco, has not been exploited so far. That is because the companies involved have been dissatisfied with prices operated by British Gas.

But now, the corporation has told Phillips and other operators of unexploited southern gas fields that it would be willing to pay between 10p and 20p a therm, many times the price once offered.

On this basis, Phillips and its partners may well decide to apply for Government development consent later this year. It is likely that the Audrey Field will be exploited through a single steel production platform and a series of underwater well systems. It is also possible that the Phillips group's neighbouring Ann field—a smaller gas discovery—could be linked to the production system.

The gas is expected to be transported ashore through existing pipelines, probably Conoco's Viking link or Phillips's own Hewett network.

British Gas is known to have made known its willingness to buy gas from several other field development schemes now being considered, including Shell/Esso's Fulmar field, Total/Elf's North Alwyn discovery, Shell/Esso's South East Indefatigable reserves, a complex of small gas reservoirs around Conoco's Viking field and Hamilton Brothers' discoveries in quadrant 43 of the North Sea.

In addition, British Gas is watching developments on Shell/Esso's block 29/5, some 155 miles east of Aberdeen—the scene of a recent "encouraging" natural gas discovery.

The present round of discussions is, in part, a sequel to a letter sent in 1980 to companies with interests in North Sea gas discoveries. It pointed out that, following a hiatus in gas field developments—the last UK gas field to be brought on stream was in 1975—British Gas was willing to stimulate fresh production activity.

● Mr Bob Lintott, executive marketing director of Esso Petroleum, warned yesterday that high taxation was threatening North Sea development and the UK's ability to remain self-sufficient in oil.

Eleven possible North Sea field development projects were now under consideration, he pointed out. If a significant number of these projects were shelved, between 80,000 and 85,000 jobs could be put at risk.

"We still do not have an economic environment conducive to the development of the medium and small oil fields upon which our continuing self-sufficiency must be based," he told an invited audience in Colchester.

UKF Fertilisers plans £10m Merseyside plant

BY RAY DAFTER

UKF FERTILISERS, a Dutch-based chemical company, is planning to spend £10m on the development of its manufacturing complex at Ince, Cheshire.

The company is to seek parent company approval to replace the existing ammonium nitrate plant with a much larger unit capable of producing 1,500 tonnes a day of nitrogen fertiliser. The final decision is expected in September.

UKF, owned by DSM, the state-owned Dutch chemical group, has invested over £40m in the UK during the past five years. Mr Willem van Asselt, managing director of UKF Fertilisers, said that the proposed development demonstrated the company's confidence in the Merseyside complex.

The proposed plant is to be equipped with pollution abatement equipment which, says UKF, should virtually eliminate fumes which have characterised the earlier generation of ammonium nitrate plants.

The company added that the plant would be positioned near the centre of the Ince complex to make as much use as possible of existing services. It is expected that construction will begin in 1983.

Last year UKF completed a £28m expansion programme, including a new nitric acid plant at Ince.

● BP Chemicals is to go ahead with a £3m study into the construction of a new polyethylene plant. The company, which is involved in a major reorganisation—and some reduction—of its UK chemicals business, plans to build the 100,000 tonnes-a-year plant at BP Chimie's Lavera complex in France.

The BP Chemicals group said yesterday that it planned to complete the engineering design and detailed project evaluation before the end of 1982. Alongside the proposal, the company was also examining its high density polyethylene capability at Grangemouth with a view to increasing product handling facilities from 130,000 to 150,000 tonnes a year.

Comparison of living costs

BY JAMES McDONALD

A BRITISH company thinking of setting up an operation in Switzerland would have to reckon on paying a sales manager £25,000 a year, compared with £12,000 for a sales manager working in Britain, says a Confederation of British Industry survey published yesterday.

In Portugal, on the other hand, a sales manager could expect a salary of less than £8,000, says the survey, which compares living costs in West European countries.

In Ireland and Greece, sales manager salaries are roughly the same as in Britain, and in Spain and Denmark they stand at about £10,000.

Differences in real income may be less dramatic when prices, the cost of living and taxes abroad are taken into account. All other countries in the survey paid more than in Britain—Norway and Holland £14,000, Finland £16,000, West Germany, Belgium and Sweden £19,000, Austria and Italy £21,000, and France £22,000—but their living costs are higher, says the report.

For example, a three-course business dinner for four with vintage wine and tax could cost as little as £62 in Lisbon but up to £132 in Stockholm. A similar meal in London would cost about £95.

A term's primary school education for an expatriate's child could cost £580 in Holland but only about £150 in Denmark.

"West European Living Costs 1982," CBI Publication Sales, Centre Point, 103, New Oxford Street, London WC1, £12.

Courtaulds plans switch to coal

By Maurice Samuelson

COURTAULDS, the textile concern, is planning to return to coal for a growing proportion of its energy requirements, currently costing it £80m a year.

Several large investments in converting plant to coal from oil or gas are either awaiting authorisation or are in various stages of technical preparation, says Mr Eric Jones, the group's energy co-ordinator.

If they go ahead, they will partly help to offset the steep fall in Courtaulds' coal burn caused by the group's severe contraction over the past five years, including the closure of its main coal burning works at Preston, Lancs.

Investments being studied include:

● £6.6m at the Greenfields North Wales viscose staple fibre plant. It is for converting an 80,000 lb/hour oil boiler to coal and the installation of two new coal fired boilers rated at 85,000 lb of steam an hour. A 25 per cent Department of Industry grant has been requested. Under the Government's boiler conversion assistance scheme.

● A similar scale project at the British Cellophane plant at Bridgewater, Somerset, to convert a large 250,000 lb/hr boiler and a new coal boiler to replace several gas burners. Technical studies are expected to take another month.

● £265,000 authorised for three new 16,000 lb/hr boilers to substitute coal for oil at Hyde, near Manchester;

● £237,000, which still awaits the Courtaulds board's approval, to replace oil burning boilers at a Nottingham plant;

● Several other smaller projects still in their early stages.

At the Courtaulds-owned knitwear plant at Mansfield, Notts, £60,000 has already been spent on a 6,000 lb/hr coal boiler to replace oil.

Of Courtaulds' £80m a year fuel bill, electricity and oil currently account for a third each, with steam, gas and coal taking the remaining third.

The company also claims to have been cutting its energy bill, by some £15m a year since 1976 when the energy crisis forced it to set up a central energy co-ordinating department.

Some of these economies have aimed at cutting rather than increasing coal consumption. At Grimsby, for example, a Courtaulds plant is burning 40,000 tonnes of processed urban waste mixed with coal. This will eventually reduce its coal consumption by 20,000 tonnes a year.

Fewer advert complaints

COMPLAINTS to the Advertising Standards Authority fell to 6,145 in 1981. There were a record 6,533 complaints in 1980.

The ASA's annual report shows that fewer than a third of the complaints were followed up, mainly because many were duplicates or were outside the ASA's remit.

Ferodo axes 150 jobs

ABOUT 150 workers are to be made redundant tomorrow at Ferodo, the vehicle brake and clutch lining manufacturer.

About 100 jobs are to go at the company's Chapel en le Frith, Derbyshire, headquarters; the rest at the Caernarvon factory.

Monty papers

THE DIARIES, private papers and letters of Field-Marshall Viscount Montgomery of Alamein have been given to the Imperial War Museum in London by the International Thomson Organisation.

The occasional "Monty letter" that finds its way to auction usually fetches about £300.

The collection, which fills 12 outsize deed boxes was handed over by Sir Denis Hamilton, a wartime friend who has just retired as editor-in-chief of Times Newspapers.

Changes afoot

A £1m footbridge may eventually replace the Renfrew chain ferry across the Clyde. The ferry is famous in many Clydeside humorous stories, but it is losing £300,000 a year and Strathclyde's highways and transportation committee wants to quickly cut the losses.

Mr William McAlonan, roads director, said an alternative to passenger launches would be to replace the ferry—it crosses about 300 yards of water—with a footbridge.

Cricket match

THE annual cricket match between the London Stock Exchange and Lloyd's of London (Insurance) will be held at the Artillery Ground, Armoury House, City Road, on Tuesday July 13 — noon.

Electra House starts USM fund

BY ROSEMARY BURR

ELECTRA HOUSE, the investment-management group, is launching the first fund for institutional investors to enter the Unlisted Securities Market.

Mr Field Walton, investment manager of Electra House Unlisted Securities Exempt Fund, said the main interest in it was likely to come from medium—and small-sized pension funds, particularly those independently managed.

The fund's main aim is to invest in the Unlisted Securities Market (USM). The managers have the power, however, to put funds into companies planning an "early entry" to the USM. Holdings in such unquoted stocks will be restricted to 5 per cent of the fund's value.

Mr Walton said that in choosing shares Electra House would orient towards high technology, computers and manufacturing companies with relatively small capitalisations.

The USM comprises about 100 stocks with a combined capitalisation of about £1.15bn. It has been criticised over the doubtful quality of some of these.

Mr Walton said that more recently companies coming to the market were of better quality. He stressed that the fund would support well-tried management.

Pension-fund managers traditionally shy clear of unquoted stocks. Mr Walton believes a similar caution exists towards the USM.

It is expected that the fund will be between £1m and £2m when launched. It will complement the group's Electra Small Companies Funds. Set up in July 1977 these funds have grown from £4.2m to £23.5m.

Professor Roland Smith, chairman of House of Fraser and Temple Bar Investment Trust, part of the Electra Group, will head the five-man panel advising the fund. Mr John Bolton, former chairman of the Committee of Inquiry on Small Firms, is also on the panel.

At present Electra has no plans to launch a similar fund aimed at private investors and insurance companies. If the exempt fund proves popular, the group will consider setting up an offshore fund investing in the USM and obtaining a public quotation.

The initial reaction to Britannia Unlisted Securities Market Fund, the first open-ended fund investing in the USM, has been lukewarm. It was set up last October by Britannia Group, one of the largest unit-trust concerns.

Britannia fund-manager Mr Ian Forsyth said fear about the volatility of stocks and their lack of marketability had resulted in the USM not getting the attention it should.

Since its launch the share price of Britannia's Unlisted Securities Market Fund has increased by 19.5 per cent, which is marginally better than the FT Ordinary Index over the same period.

Mr Forsyth said the name USM was a disadvantage. "People should think of it as a market in small emerging companies."

Car industry calls for changes in HP rules

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE UK motor industry last night called for "a modest adjustment" to hire purchase regulations which, it claims, would boost new car sales by between 40,000 and 80,000 in a full year and stimulate "the very depressed second-hand market."

The plea to the Government followed publication of statistics showing that during the first six months of this year new car sales fell by 2 per cent compared with the same half of 1981.

Mr George Turnbull, president of the Society of Motor Manufacturers and Traders, commented: "This result is very disappointing as the market was expected to grow.

"Apart from the exceptional result in 1979, Britain's new car market has never again reached the level of 1973 (when it was 1.68m). In December that year new hire purchase restrictions were introduced at a discriminatory level compared with all other products and these still apply. The motor industry needs a growth market if it is to regain its international competitiveness."

The society wants the minimum deposit on cars cut from one-third to one-fifth and the repayment period extended from two to three years. Mr Turnbull said that about one quarter of all new cars are subject to hire purchase agreements.

The society forecast in January that registrations for this year would rise to between 1.52m and 1.55m, but this has now been adjusted downward and sales are expected to remain at last year's level — 1.48m.

Highly aggressive marketing tactics adopted by the manufacturers have helped buoy up the market so far this year. In June, for example, the society's figures show registrations up by 3.33 per cent to 109,617 compared with the same month a year ago.

The year started badly for the car companies, partly because of the very severe weather. As a result the six-month total was 781,881 compared with 797,937 for the first half of 1981.

Neither Ford nor BL will be particularly satisfied with the first six months. Ford wanted a 32 per cent market share but has had to make do with just over 30 per cent. BL's target is at least 20 per cent but its share was dragging along at just over 18 per cent at the half-way stage.

The two other UK-based manufacturers had starkly contrasting experiences. Talbot UK saw its market share slide steeply from 5.22 per cent to 3.69 per cent. Vauxhall, on the other hand, pushed up its penetration from 7.29 to 11.29 per cent against its target for the year of 11 per cent. Vauxhall's Cavalier has been the major factor in this success.

Before the Government considered any action to stimulate new car sales it would want to be sure that this did not merely increase imports. In the first six months the imported content of total sales jumped from 53.9 to 57.72 per cent. About half of all the new Fords, Vauxhalls and Talbots registered in Britain during that period were imported from the Continent.

UK CAR REGISTRATIONS

	June				Six months to end of June			
	1982	%	1981	%	1982	%	1981	%
Total UK produced	46,119	42.07	45,864	43.23	330,609	42.28	368,119	46.13
Total imports	63,498	57.93	60,223	56.77	451,272	57.72	429,818	53.87
Total market	109,617	100.00	106,087	100.00	781,881	100.00	797,937	100.00
Ford	30,631	27.94	33,376	31.46	234,932	30.05	242,997	30.45
BL	21,061	19.21	16,590	15.64	141,403	18.08	159,300	19.96
General Motors —								
Vauxhall	12,508	11.40	8,834	8.32	88,341	11.29	58,202	7.29
Opel	291		1,400		4,707		11,690	
Other GM	23		84		203		377	
Total GM	12,822	11.70	10,318	9.73	93,251	11.93	70,269	8.81
Peugeot Group—								
Talbot	3,933	3.58	4,586	4.32	28,904	3.69	41,671	5.22
Citroen	1,695		1,639		12,724		13,904	
Peugeot	1,011		1,334		10,005		9,329	
Total Peugeot	6,639	6.06	7,559	7.13	51,633	6.60	64,904	8.13
VAG (VW-Audi)	7,281	6.64	6,122	5.77	46,342	5.93	41,148	5.16
Datsun	6,758	6.17	5,788	5.46	44,225	5.66	50,027	6.27
Renault	6,313	5.76	5,126	4.83	36,115	4.62	39,007	4.89
Volvo	3,483	3.18	4,049	3.82	26,055	3.33	22,403	2.81
Fiat Auto	3,332	3.03	4,948	4.66	25,874	3.31	29,693	3.72

Source: Society of Motor Manufacturers and Traders

Abolition of duty-free sales 'would raise air fares'

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITAIN could lose business worth £100m, and air fares would rise substantially, if the EEC presses ahead with a plan to abolish the sale of duty-free goods to air and sea travellers between Common Market countries.

Mr Norman Payne, chairman of the British Airports Authority, told Members of the European Parliament in Strasbourg yesterday that such a ban might also severely hit employment at airports and seaports.

Millions of travellers by road between Common Market countries do not enjoy duty-free goods sales. The EEC says it is therefore unfair for air and sea travellers to do so.

Mr Payne told the MEPs that some 11m people who flew between Britain and the Common Market countries every year would be affected.

"It would benefit nobody and harm many," he said. The inevitable result would be a "sharp increase" in the cost of air travel.

Because the BAA, with some of the biggest airports in the world under its control (including Heathrow and Gatwick), earns a substantial revenue from duty-free sales, it would be particularly severely hit if the EEC plan were implemented.

In the financial year to the end of March 1981, the BAA's revenues from "commercial activities" including duty-free sales, amounted to nearly £102m of total revenues of £254m.

Loss of all or part of those sales, would result in the BA having to raise fees such as landing and aircraft parking charges. The airlines were likely to pass these on to their passengers in higher fares.

Sir Keith Williamson to become Chief of Air Staff

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

AIR CHIEF MARSHALL Sir Keith Williamson has been appointed Chief of Air Staff from October 15, the Ministry of Defence announced yesterday.

Sir Keith succeeds Sir Michael Beetham, who was appointed in 1977.

The RAF appointment is one of a series of changes in personnel at the top of Britain's military structure. It was announced last week that General Sir Edwin Bramall would become the new Chief of Defence Staff in October, in succession to Sir Terence Lewin, while General Sir John Stanier is to replace Sir Edwin as Chief of General Staff.

The appointment of Admiral Sir John Fieldhouse as First Sea Lord, to take over from Admiral Sir Henry Leach, is expected shortly.

Announcement of the appointments has been held up by the Falklands conflict.

There are no surprises so far, although there was believed to have been considerable internal argument a few months ago over who should become First Sea Lord. It is thought Sir John Fieldhouse's critical role as Commander-in-Chief Fleet during the Falklands crisis has clinched his appointment.

Sir Keith Williamson joined the RAF in 1945 and has held a wide range of appointments. He is Air Officer Commanding-in-Chief Strike Command, which carries with it the Nato appointment of C-in-C UK Air Forces.

£400,000 sought from Hedderwick partnership

By John Moore, City Correspondent

THE LIQUIDATOR of Hedderwick Stirling Grumbar, the collapsed stockbroking firm, is seeking £400,000 from the 22 man partnership to meet outstanding debts.

Hedderwick was hammered on the London Stock Exchange in mid-April last year when its banker, National Westminster, refused to handle cheques to cover its gilt dealing for the day. Gross debts of the firm have been estimated at £8m.

Mr Martin Fidler, liquidator of the firm, the Stock Exchange's official assignee, has so far paid out 80p in the £ to the creditors.

No deadline has been given by Mr Fidler to the partnership for payment.

On other fronts in the Hedderwick liquidation, Mr Fidler is still seeking payment from Quilter Goodison, the stockbroking firm headed by Stock Exchange chairman, Sir Nicholas Goodison.

Lawyers for Hedderwick and Quilter have been in discussion for months over whether Quilter had any liability to make a consideration for the private client business of Hedderwick which it largely took over when the firm collapsed. Discussions are still continuing.

In a maze of litigation following the collapse, the liquidator is suing auditors Ernst and Whinney and Manchester gilts dealer Farrington Stead. Mr Fidler is trying to recover debts said to total more than £1.5m owed by Farrington.

Steel merger likely

By Ian Rodger

BRITISH STEEL Corporation and Johnson and Firth Brown may reach agreement soon to merge and rationalise their troubled press-forging operations in Sheffield. But BSC officials were cautious about the prospects for agreement. And JFB declined to comment.

Mr Ian MacGregor, chairman of BSC, told iron and steel trade union leaders yesterday that discussions were under way. Union leaders said their impression was that there would be a merger, plant closures and job losses.

Pressure for a merger has been building since a 10-year market-sharing agreement between BSC and JFB expired last April. Under it, JFB produced all forgings made from ingots under 75 tonnes and concentrated on highly stressed aircraft components, such as engine shafts and undercarriages.

BSC's larger River Don works took all the forgings made from ingots above 75 tonnes for such things as ship stern frames.

For most of the 10 years, the deal has been satisfactory for JFB, but less so for BSC. But the recent collapse of aerospace orders has hit JFB very hard.

Both companies have substantial excess capacity and fear that competition could become very destructive now that the agreement has lapsed. If negotiated, a merger would make it easier to cut capacity.

Furthermore, the Government would be delighted if BSC sold off another sector of its activity.

The main obstacles to an agreement are the financial weakness of both companies and the difficulty of attracting new private investment.

Mark Webster talks to the head of a £3.3m enterprise that aims to boost exports

Garden tractor company's path to success

STIRLING MOSS used to race on a Westwood lawnmower. The Plymouth-based company supplied him with a special custom-built mower—complete with racing trim — allowing the former motor racing champion to hurtle round a field in what has since become a popular sport.

It was one of the more unusual requests which Gerry Hazlewood, managing director of Westwood, the garden equipment makers, received. But he handled it with the same quiet ease which makes him, as head of his own rapidly expanding business, a most unusual man.

Full of bonhomie and curious home-spun philosophy, Gerry Hazlewood has built his business up from scratch over the last decade to a turnover which should touch £4.5m this year.

Yet at 43, he professes scant regard for money, refuses to raise the price of his products although everyone in the business says he could and thoroughly enjoys scavenging the auction rooms for good second-hand machine tools for his plant.

Mr Hazlewood loves a bargain. There is no concealing his delight when he shows off the three second-hand automatic lathes he bought at ITT sales for £1,000 each. They would have cost him new £50,000 each and he even got £10,000 worth of spares thrown in for nothing.

The company cars—kept to a minimum—come from the auctions, the factory extension was built by direct labour because builders quoted too much and the latest office re-organisation is being done by the factory's own personnel at one third of the cost demanded by outside contractors.

"But I shouldn't have to do it," he complains. "I shouldn't be a second-hand machinery dealer should I? I should have enough funds in the kitty to go out and buy it new, because that is what my competitors in other countries are doing. But with the present state of industry in this country, I can't make new machinery pay."

In order to survive, he says, he has had to become a jack of all trades, paring costs down to the bone. However, he says what he should be doing is not scouring the countryside saving money but working on new product lines, solving problems and contemplating the company's future.

Coming from another man, it might have sounded bitter. But Gerry Hazlewood refuses to lose his sense of humour. He believes that working hard and being honest are the only ways to build his business. Though his recipe might sound simplistic, it is working at Westwood.

He is about to double the size of his Plymouth factory to 90,000 square feet which will enable him to increase output and store more tractors during the slack winter period. Last year, the company managed a £100,000 profit on its £3.3m turnover as well as pursuing a £250,000 investment programme.

During the past four years.

Mr Gerry Hazlewood, managing director of Westwood, riding high on a booming garden tractor business

he has built a 60 per cent market share, selling some 9,000 tractors last year. Retailers say he could put an extra 20 per cent on the average UK retail price of £1,000 and not affect his market. But that is not his way.

Gazing at the tractor he keeps in his office, he muses: "I step back and say our product is too expensive, we should be able to make it cheaper. We should always be aiming to bring the price down all the time or give more for the same money."

He reckons he is already cheaper than U.S. imports, even though his competitors have the advantage of much greater economies of scale, producing 10 times as many garden tractors, mainly for the U.S. market. But much depends on the value of the pound against the dollar, especially as 25 per cent of the value of his tractors are bought in components from the U.S.

With such a large slice of the home market, Westwood is pushing hard to expect more, especially to France and West Germany. He is already selling 1,000 garden tractors a year to France and the market has considerable potential for expansion.

There are European manufacturers in Austria and Sweden which produce much more expensive tractors and one factory in West Germany which is a direct competitor. But after two difficult years, Mr Hazlewood expects exports to rise quite quickly to around 20 per cent of total sales.

One of his main aims is to prepare the European market before the Japanese start to move in. Gerry Hazlewood believes that Honda is contemplating the market in garden tractors since the company has refused to sell engines to Westwood although it has been requesting them for the past two years.

In preparation, Westwood will bring out a new model in 1984 which it believes would rival anything the Japanese could produce and will complement the current range of tractors. At the same time, it is continually expanding the range of accessories it makes to go with the tractor, from leaf-sweepers to snow-ploughs.

The company's immediate aim is to expand the season during which garden tractors are usually bought. At present, April, May and June account for as much as 50 per cent of total sales which makes rationalisation of production extremely difficult. In future, Westwood would like to see an open season for garden tractors stretching over at least 10 months of the year.

European Commission wins two court cases

By A. H. Hermann

THE EEC Commission has scored two important victories in the European Court.

It defeated France, Italy and the UK, which complained to the court over an EEC directive requiring transparency of financial relations between governments and public enterprises, and at the same time achieved a widening of its legislative powers by the court.

In a second case, the Commission defeated the British Government by obtaining from the court a judgment stating that the British equal pay legislation falls short of EEC requirements.

In the first case France, Italy and the UK—which all have strong public enterprise sectors—accused the Commission of having overstepped its powers by making, in 1980, a directive requiring disclosure of all public funds made available to public enterprises, directly or indirectly, and of details of trading losses, capital investments, subsidies, preferential loans and any refunds of public levies.

The three governments asked the court to declare the directive invalid. West Germany and the Netherlands, countries in which public enterprise is of lesser importance, supported the Commission.

The case assumed a wider constitutional significance when the British view that, when acting as a "guardian" of the Treaty of Rome, the Commission only has such powers as are transferred to it by the Council of Ministers, clashed with the Commission's doctrine that it has inherent powers to do everything necessary for the effective exercise of its functions.

Herr Gerhard Reischl, the court's advocate general, said: "It would be simply absurd if the Commission could not obtain the necessary information from the member states without the co-operation of the Council."

The court adopted the conclusions of its advocate general completely.

In another judgment, the European Court granted the Commission a declaration that Britain defaulted on its Treaty obligations by failing to enact legislation which would ensure equal pay for men and women for work of equal value even in situations where there was no job evaluation study.

Britain's defence was that, as collective agreements were not legally enforceable, an Act of Parliament could only guarantee individual rights to fair and equal treatment.

Robin Pauley reports on a call for proportional representation in regional assemblies

SDP publishes two-tier government plan

DIRECTLY-ELECTED assemblies for Scotland and Wales and 10 or 11 regional assemblies in England, elected by proportional representation, are proposed in a Social Democratic Party Green Paper on decentralising Government, published today.

The paper directly contradicts an earlier SDP paper on local government and finance which wanted local authorities to decentralise their own functions down to local communities—perhaps even as far as tenant associations. It argued for single-tier multi-purpose authorities and was against the introduction of new tiers.

An important constitutional change indicated in the new paper would be the election of representatives to the second chamber of Parliament by regional assemblies. Hereditary lords would be abolished. Life members would continue but would not vote.

The delaying powers of the second chamber would be extended to two years for laws other than money Bills.

Changes in the balance of power between the centre and the regions would then be difficult to achieve unless strongly supported in the country, but ultimate legislative power would continue to reside with the Commons.

The paper argues that in Britain (Northern Ireland is excluded from the discussion) centralisation had left too little scope for variety and experiment and government had become remote and excessively bureaucratic. It exercised many of its functions through nominated bodies, such as regional health and water authorities and the Housing Corporation.

These were so extensive as to constitute an entire tier of government which was not democratically accountable to the people they were supposed to serve.

The two-tier system of local government had reduced its effectiveness through unnecessary duplication, bureaucracy and confusion and had been increasingly subject to direction from the centre.

In addition, the paper says, Britain suffered from an imbalance of economic resources, illustrated by the concentration of skilled people living in the South-East, which matched the over-concentration of political power in London. Life and dynamism should be returned to the regions.

Many of the functions of central government would be transferred to the regions without going all the way to adopting a federal constitution on the West German model.

PROPOSED REGIONS AND THEIR POPULATIONS

Scotland	5.2m
Wales	2.7m
Northumbria and Cumbria	3.3m
Lancashire and Cheshire	6.7m
Yorkshire	4.8m
Mercia	5.3m
Devon and Cornwall	1.3m
Wessex	2.7m
London and South East (or split into 7m, 3.7m and 2.9m)	13.6m
East Anglia	1.8m
Trent	4m
Thames	1.7m
Severn	2.1m

Substantial parts of functions exercised by central government would pass to regions (while local authorities would retain their functions in the same sectors).

The sectors are housing, education, health and welfare, town and country planning, including new towns, local government, water supply and sewerage, roads and transport, employment services, agriculture, fisheries and food (except price support), national parks, sports and recreation, arts and culture, forestry and tourism.

For each nation or region the regional government would determine the allocation of funds between areas and would plan each service development in line with an overall plan drawn up by each region. These substantial new powers would include legislative powers.

About 30 per cent of all public expenditure (£30bn to £35bn) would become the responsibility of regional governments.

The paper says regional councils would have a major economic impact since it would be possible to plan spending according to regional needs. The regional governments would have an important role in stimulating economic development.

Regional governments would be financed by regional income tax and equalisation grants from central government.

The paper acknowledges the difficulty of fixing the grants while ensuring the freedom of the regions to fix their spending. It suggests an equalisation formula incorporating a series of objective indicators such as average incomes, demographic characteristics, and the state of capital stock. It would be negotiated, perhaps every five years, in the second chamber of Parliament.

One-third of the income tax collected in each region would go to the regional government together with additional tax revenues—perhaps in the form of a share of other national taxes — to provide revenues equivalent to half regional expenditure. Equalisation grant would provide the rest.

Regional governments would be free to vary the rates of regional income tax by up to 20 per cent on either side of the regional part of the national tax rate.

The introduction of regions would require a reorganisation of the existing two-tier system of local government. The Greater London Council and metropolitan county councils would be abolished.

There would be a single tier of local government under the regions and the regional authority would be free to choose what the tier should be. Councils would deal only with their region and the link between councils and the centre would be broken.

Local community councils, responsible for roads, refuse collection and other strictly local matters, would be introduced.

Decentralising government; SDP, 4 Cowley Street, London, SW1; £1.

Court disqualifies two directors from managing companies

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

TWO COMPANY directors were yesterday disqualified from being concerned in the management of any company after being held by a High Court judge to have shown themselves unfit to hold directorships.

On applications by the Department of Trade under the 1976 Insolvency Act, Mr Peter Darby, of Halesowen, West Midlands, was banned for four years, and Mr Terence Webb, of London, for two years and six months.

Mr Justice Nourse said that Mr Darby had been a director of Malcade and Talprops, both of which had been compulsorily wound up in November, 1978, with a combined deficiency of about £20,000.

Their failure had been principally due to Mr Darby's gross mismanagement, said the judge.

He had failed to resolve their tax problems or to discharge their resulting liabilities.

Also, he had caused the companies to lend him money for his own benefit, which he had failed to repay, although he must have known that in so doing he would cause them to be insolvent.

It was a bad case, saved from being a very bad one only by the judge's obligation to accept the possibility that Mr Darby, who had offered no excuses or explanations, had originally intended to repay the loans.

Mr Webb was a director of Merrtrade and Glemorin, both of which had been wound up by the court with a combined deficiency of about £350,000, which, said Mr Justice Nourse, had been caused by Mr Webb's serious incompetence.

Cost of house rebuilding continues to rise slowly

BY ERIC SHORT

HOUSE REBUILDING costs continued their slow rise in the second quarter of this year, advancing by 1.8 per cent, according to figures issued yesterday by the British Insurance Association.

The BIA's House Rebuilding Cost Index was 155.7 at the end of June, compared with 152.9 at the end of March. A year ago, the index was 148.6, giving a rise of 4.8 per cent in rebuilding costs over the 12 months to end of last month.

The index is compiled for the BIA by the building cost information service of the Royal Institution of Chartered Surveyors. It was started in July, 1978 at 100, and is now calculated at the end of each quarter.

It is used as the basis for determining the value at which homes are insured — a value that should be used on rebuilding costs, not market values.

The increase in the second quarter arose from small rises in both building materials and labour costs. For well over a year now, these increases have been well below the general rise in prices.

Mineral water 'rip off' in pubs reported by Which?

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

A MINERAL water "rip off" in pubs and elsewhere is reported today by the Consumers' Association in the latest issue of Which? magazine.

In special report on the fast growing mineral water market, Which? reports that it discovered profit mark-ups of up to 250 per cent charged on a bottle of mineral water when bought in a restaurant, wine bar, or pub.

Perrier, for example, was the most widely available brand. Prices ranged between 90p and £1.80p for a litre bottle—compared with a typical selling price in the shops of about 49p.

Which? also found that buying mineral water in smaller quantities also could prove expensive. Although one pub produced an eight-ounce glass for 12p, the magazine's researchers came across one wine bar charging 50p for what they described as a "long, tall glassful." In general, charges ranged from 20p to 45p for a glass and 30p to 60p for a "small bottle."

Which? was highly critical of some of the health claims made for mineral waters. "Bottled waters are no cleaner or better for your health than tap water," the magazine concludes. Nutrition experts, consulted by Which? considered it "most unlikely" that a normal diet would be lacking in the minerals provided by the waters.

John Griffiths writes: Fewer than a quarter of 33 vans hired by Motoring Which? magazine from various national, regional and local companies were in satisfactory condition, the magazine reports.

"Many of the vans we hired would have failed the MoT," it says.

The conclusion of the magazine is that "you cannot be certain of getting a fault-free van from any firm—national, regional or local."

Two of the vans were rejected: one had illegally worn and damaged tyres; the other leaked exhaust fumes into the cab so much that, after a few miles, the driver felt it was dangerous to carry on.

Stand on textile quotas backed

BY ANTHONY MORETON, TEXTILES CORRESPONDENT

THE BRITISH textile industry made another call to the European Commission yesterday to stand by its hard line in the talks on textile quotas with the low-cost Far Eastern suppliers.

Mr Ian MacArthur, director of the British Textile Confederation, told the Textile Converters' Association in Manchester that the Commission "must adhere firmly to the negotiating mandate agreed by the Council of Ministers."

There was no room for further concessions since these countries could already send considerably more to Europe, he stated.

Mr MacArthur was speaking a day after South Korea had left the Brussels bilateral talks on the Multi-Fibre Arrangement, the sixth western country to have done so, without agreeing new levels of imports for the period 1983-6. The others are Hong Kong, India, Malaysia, Singapore and the Philippines. Some Eastern bloc countries have also gone home to reconsider their position.

The Commission has been given a remit to report to the September meeting of the Council of Ministers on the progress of the negotiations. Mr MacArthur said the talks were now entering a crucial stage.

BRITAIN TAKES FRESH LOOK AT TOURISM

Government recognises potential for growth in holiday industry

BY ARTHUR SANDLES

IN PROMISING a major investigation into the way Britain handles its tourist business, Mr Iain Sproat, Minister for Tourism, is reflecting fresh international interest in this massive industry.

Only a few days before Mr Sproat's announcement, the EEC Commissioners publicly pressed member Governments to simplify travel procedures within the Community, spend more on tourist facilities, lengthen holidays and lower air fares.

Seven per cent of all private expenditure in Europe goes on tourism. It accounts for 4 per cent of the total gross national product of the 10 Community members, and directly employs about 4m people.

The total employment figure is probably considerably higher, since without tourists many aspects of life would suffer — theatres, public transport, the building trade and food production, for example. It is thought that about 1.5m in Britain alone owe their jobs to tourism.

The Government's sudden interest in tourism arises from the fact that it is one of the few areas of commercial activity which holds out any prospect of growth. Money invested in tourist projects — be it a new hotel or museum, a new airport or a camping site — provides instant employment and an instant injection of cash into the local community.

Britain's tourist business has performed remarkably over the past decade. From being a supplier rather than receiver of tourists, the nation turned its travel account into a hefty surplus for much of the 1970s.

Mr Sproat's interest has been further spurred by the fact that last year it slipped into deficit and, in spite of the minister's brave words, looks like doing so again this year.

A little over 10 years ago, the Development of Tourism Act transformed UK tourism promotion and management. Tourist boards were set up and the British Travel Association became the government sponsored British Tourist Authority.

The system has worked remarkably well. The BTA is generally regarded as the best national tourist office in the world, and both foreign and domestic travellers in the UK are much better served with information and help than they are in most rival countries.

There are, of course, criticisms. The Scots have long thought that the BTA concentrates too much of its marketing effort on London and the South East of England. There are concerns about overlap, notably between the English Tourist Board and the London Tourist Board, and there has been a suspicion that the Government so far has talked a lot but given little real help to tourism.

That real help tends to be asked for in areas where ministers start to squirm and talk about inter-departmental difficulties.

People in tourism say ministers who talk of knocking rival heads together themselves declare later that they can do nothing about such matters as the licensing laws, the taxation treatment of tourism investments, long queues at Customs desks because of staff shortages, the closing of state owned attractions on bank holidays and the policing of ice-cream sales malpractice.

The Government has shown increasing sympathy towards tourism, however. There have been tax changes to aid the hotel industry and the grant scheme to aid tourist projects has been extended within the past month.

Mr Sproat says he wants to hear views on "how the Government could help more financially and otherwise, on whether we have too much tourist bureaucracy, on whether we involve commercial interests enough, on whether we have our overseas marketing right, on whether we spend the money we do spend to the best possible advantage, on whether we have the right relationship between the different national tourist boards, and scores of other important tourist questions."

There is little doubt that Mr Sproat was also saying under his breath just what Mr Giorgios Contogeorgis, the EEC's Tourism Commissioner, said in public a few days ago: "The purpose of the tourist drive is not just to make people happy, but to improve one of Europe's key industries."

David Howell: a matter of parliamentary arithmetic

Juggernaut order delayed

By Elinor Goodman, Political Correspondent

THIRTY-EIGHT-tonne juggernauts look like being kept off Britain's roads at least until the winter. The Government now seems to have given up almost all hope of getting an increase in lorry weights through the Commons before tha summer recess.

Mr David Howell, Transport Secretary, still appears to be determined to table the order eventually, although it is by no means certain it will get through Parliament.

The decision not to go ahead with the order now is partly due to the strength of the opposition to juggernauts and partly to the rail strike. It is thought that it would be a mistake to do anything during the strike which might be interpreted by the unions as deliberately encouraging companies to switch from rail to road in tha long term.

The fundamental problem facing Mr Howell is the simple one of parliamentary arithmetic. Despite intensive lobbying by industry, the whips are still not confident that the order would get through the Commons.

When the Labour Party forced a division last December over the Government's plan for increasing the maximum weight from 32.5 tonnes to 40 tonnes, 11 Tory MPs voted with the Opposition, and many more warned the whips that they would not be able to support the Government if it went ahead with the order.

Immediately MPs returned to Westminster after Christmas, Mr Howell began canvassing support for a compromise under which the maximum weight would have been increased to 38 tonnes instead of 40. To sweeten the pill he promised to improve safety standards and to build more bypasses.

There were signs that the compromise might satisfy some rebels but the Government kept putting off tabling the order, partly, it was said, because it did not want to make such an unpopular move when any by-elections were imminent.

Now the Government has almost certainly left it too late to get the order through before the recess. This means that nothing will happen until October at the earliest.

The fear in the industry lobby must be that if it is then delayed until 1983, Ministers might be reluctant to go ahead with the order on the grounds that a general election was on the horizon.

20,000 on home exchange list

COMPUTER read-outs of council tenants wanting to exchange homes with people in other council areas have been released throughout England and Wales for public display, Mr John Stanley, Housing Minister, said yesterday.

In a Commons written reply, Mr Stanley said: "At the end of June nearly 20,000 tenants had already registered with the scheme.

Rent freeze urged

AN ATTEMPT to impose a 12-month freeze on council rents was made in the Commons yesterday by Mr David Winnick (Lab Walsall North).

His Council House Rents Freeze Bill, which would impose a year's freeze from next April, was given an unopposed First Reading but because of the busy Commons timetable has no chance of becoming law.

Water Council to be axed and boards slimmed down

BY LISA WOOD

PLANS FOR slimline water authority boards and the abolition of the National Water Council, which co-ordinates the activities of 10 autonomous water authorities in England and Wales, were announced yesterday by Mr Tom King, Minister for Local Government and Environment Services. The announcement met with strong criticism from the Opposition and from members of the Lords.

The Minister told the Commons that legislation required for the changes would be introduced "at the earliest opportunity."

Mr King said there had been concern for some time that the regional authorities, set up in 1974, had not been working as intended.

"Consumers have not felt that they were really represented and few people knew who their representatives were on the water authority.

"At the same time, large memberships have led to a proliferation of committees and bureaucracy and inhibited efficient decision-taking."

Mr King said the Government had decided to create smaller boards of between nine and 15 members, appointed by Ministers with county and district councils nominating some members. Chairman and members of the new boards would be paid and would serve for fixed terms. No details were given of the proportion of local authority nominees.

The Government's decision follows publication in January of a consultation paper with five main options for change, including increased local authority representation and small boards, all appointed by Ministers.

Last year a Monopolies Commission report on the Severn-Trent Water Authority concluded that its membership of 48, made up of 27 local authority representatives and 21 ministerial appointees, imposed considerable cost. The commission estimated that a smaller board could bring savings of about £650,000 a year.

Mr King said that together with the new boards improved arrangements could be made for consultation with consumars, local authorities and other interested parties.

The decision to dissolve the National Water Council had been taken, Mr King said, because it was now believed the regional authorities could carry out their responsibilities without an additional central statutory body. The Water Space Amenity Commission would also be dissolved.

The National Water Council, which Mr King said had played a "valuable role" following re-organisation, employs some 400 people. Some of its responsibilities wil have to continue, such as training, but one Government suggestion is that the water authorities should set up an association to administer and carry out this function.

Mr King's announcement brought criticism from Mr Denis Howell, the Labour Environment spokesman. He said that regional water authorities and local associations who had been consulted about the changes were opposed to them. There was nothing in the proposals that would reduce water charges.

Replying to back benchers Mr King said he believed the changes would involve "quite significant economies."

Lord Nugent of Guildford, a former chairman of the National Water Council, questioned in the Lords whether civil servants could do the job better than those who had been doing it since 1974.

Warning shot for pension funds from a Labour spokesman

BY PETER RIDDELL, POLITICAL EDITOR

THE LACK of accountability and poor performance of pension funds was strongly attacked yesterday by Mr Jack Straw, MP for Blackburn and a Labour Treasury spokesman. His speech highlights the increasingly critical look which Labour is now focusing on City institutions.

Labour's Treasury team in parliament has been careful not to call for the direction of investment, as some party committees have done, apart from urging the return of controls on capital investment overseas by funds. Instead, the main Labour emphasis is on extending regulation and accountability.

Mr Straw argued in a speech to businessmen: "It is time that pension funds took a good, hard look at themselves, before others get there first. They appear complacent and insufficiently accountable. They have provided a poor deal for their members and no better a deal for the nation. The case for reforming them is strong."

In particular, Mr Straw recommends consideration of a series of reforms:

● Changes in accountability, especially by the strengthening and proper training of employee representatives.

● Reform of the regulatory framework with prudential duties drawn up by reference to the needs of the funds' beneficiaries, not 18th century trust laws.

● There must be an independent but comprehensive monitoring agency of the funds to check performance and issue advice. The measures used should be ones which do not add to the short-term predilections of fund managers.

● There must be close scrutiny of potential and actual conflicts of interest among fund managers and advisers, especially merchant banks, in line with the proposals by parliament on the conflicts of interest at Lloyds.

● Exchange controls must be reintroduced "to end the baemorrhaging of long-term funds across the exchanges and to ensure that fund managers use what skills they bave to belp create jobs at bome for the benefit of their present and future beneficiarles and their families."

Jack Straw: "case for reform is strong"

Mr Straw alleged that because of the funds' lack of accountability they have lacked a consistent system of monitoring and the only standards of performance have been set by the funds themselves. Those have turned out to be low indeed.

He argued that the funds had consistently under-performed the Financial Time actuaries all share index. "Between 1963 and 1980 this index showed an annual rate of return of 11.7 per cent, while the average private pension fund showed a return of 9 per cent.

Mr Straw described these figures as an indictment and said that their performance was now less acceptable since index-linked gilts had become available which guaranteed a return in line with the rise in prices. "Of course, no one is suggesting that, overnight, funds could or should index all their liabilities. But they must do more than they are at present.

"The fact that one merchant bank, at least, has guaranteed index-linked benefits from a funded scheme for its senior staff shows just what can be done when the incentive is there."

Minister to hold Gibraltar border closure talks

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

LORD BELSTEAD, Minister of State at the Foreign Office, is to visit Gibraltar from July 21-23 for on-the-spot talks over the continued closure of the border with Spain.

He will have discussions with Sir William Jackson, the Governor, Sir Joshua Hassan, the Chief Minister, and other leading figures.

The Minister's intention is to familiarise himself with the latest situation and the implications of Spain's continued closure of the frontier. It is understood that no dramatic new initiative is expected to come out of his meetings.

Spain had agreed to open the frontier last month but it was postponed yet again, this time as a result of the Falklands conflict.

Both Britain and Spain have, however, said that they remain committed to the Lisbon agreement of 1980 that the closure should be ended.

The trip was announced in the Lords yesterday by Lord Belstead who said that the barrier to movement between Gibraltar and Spain had "very considerable economic and social results which are harmful to people on both sides."

He emphasised that the Government atill favoured Spain's eotry to the European Community. But he added: "The Spanish Government is aware of our view that it is inconceivable that the frontier should remain closed when Spain joins the Community."

Peers on both sides of the House were critical of Spain over the issue. Lord Beswick (Lab) said his admiration for Spain would be all the greater if the authorities used their energies to open the gates "instead of their batons on English football supporters in Madrid."

Lord Boyd-Carpenter (Con) said Spain's continued postponements and delays might call in question her suitability for membership of the EEC.

● In the Commona Mr Jonathan Aitken (Con Thanet East) called for television film of attacks on British World Cup fans by Madrid police to be handed to the Spanish authorities aa evidence for their official inquiry.

MPs quash supplementary rate of 40%

A SUPPLEMNETARY rate of 40 per cent levied by Bedfordshire County Council just before the start of the present financial year was quashed by the Government in the Commons tast night.

By a majority of 52 (277-225) MPs approved an amendment to the Local Government Financa (No 2) Bill which the Government had introduced in the House of Lords.

The Bill stipulated that local authorities would be prohibited from levying supplemantary rates as from April 1 this year. The Bedfordshire council avoided this by introducing its supplementary rate before that date.

The amendment approved last night takes retrospective action to nullify that increase.

Many businesses in the county, including the Vauxhall car works at Luton, have protested about the effect which the steel supplementary rate would have had

Anti-graffiti squad

A SQUAD is being aet up to remove racist graffiti from premises owned by the Greater London Council.

Jay urges action on 'fiddling by MEPs'

By Ivor Owen

ALLEGATIONS THAT some members of the European parliament have been involved in irregularities over claims for expenses do not warrant intervention by the British Government, Mr Douglas Hurd, Foreign Office Minister of State, told the Commons yesterday.

Mr Douglas Jay (Lab, Battersea North) a leading critic of the European Community, argued that British taxpayers' money was involved. British Ministers were under an obligation to ascertain the facts.

He maintained that a check should be made on "these disreputable practices carried on by members of the parliament which are discrediting the whole institution."

Mr Hurd stressed that the president of the European parliament had announced his intention te correct any irregularities revealed in the report of the EEC court of auditors. "I hope and believe he will."

While welcoming the president's statement, Mr Hurd added that the real sanction in the matter lay not with Ministers but with the electorate.

Mr Richard Body (Con, Holland with Boston) said members of the European parliament received an allowance of £19,000 a year for their secretaries and a 35p per mile travet allowance. "Is there any need for fiddling?" he asked.

Mr Hurd replied that he was not responsible for secretarial or other allowances anthorised by the European parliament. The salaries of Britain's MEPs were a matter for the Government and they had been fixed at the same level as those for MPs at Westminster.

Hope of end to hostilities

CONFIDENCE that Argentina's junta could soon rule out any future hostilities against Britain, was expressed yesterday by Mr Cranley Onslow, Minister of State at the Foreign Office.

"As soon as we have a firm and reliable indication that hostilities bave ceased and will not restart we will be anxions to return the prisoners-of-war to their native country," be said during Question Time in the Commons.

"I bope and helieve we shall soon be in that position: There are indications, but it is very difficult to decide what they all mean."

Pugin ceilings to be surveyed

SURVEYS aimed at finding ont if more decorated Pugin ceilings in the House of Lords are rotten. Are to be carried out during the summer recess.

The Earl of Avon, Environment spokesman, said during Qnestion Time yesterday that this move was prndent following discovery that the ceiling in the peers' lobby was in poor condition.

Restoration of the ceiling in the main chamber was on target for completion in October 1984 after four years' work. The cost should be well within the original £3m estimate, Lord Avon said.

The 140-year-old wooden ceiling was found to be rotten after an ornate boss fell on the red teather benches while the House was sitting in July 1980.

Shipbuilders' capital

THE GOVERNMENT still hopes to introdnce private capital into British Shipbuilders by 1984, Mr John Bntcher, Junior Industry Minister, said yesterday.

He totd MPs that losses sustained by ship repair operations controlled by the state-owned company were of concern to the Government because public sector losses wonld undermine the private sector.

Hopes fade for an early end to NHS pay dispute

BY IVO DAWNAY, LABOUR STAFF

HOPES OF an early resumption of talks with baalth service unions aimed at ending the eight-week old pay dispute appeared yesterday to have been ruled out by Mr Norman Fowler, the Social Services Secretary.

A statement, released yesterday by the Department of Health and Social Securlty, indicated that Mr Fowler had little confidence that a further meeting with Mr Pat Lowry, chairman of the Advisory, Conciliation and Arbitration Service, will find common ground between the two sides.

Members of the TUC Health Services Committee, who are co-ordinating strike action by 11 NHS unions, asked Mr Lowry on Tuesday to approach the minister with a view to reopening negotiations on their 12 per cent pay claim.

Mr Lowry bas yet to meet Mr Fowler, bnt it was made clear yesterday that no new offer would be made by the Government.

Mr Fowler pointed out that after discussions with Mr Lowry last month he had improved his original offer of 6.4 per cent to nurses and 4 per cent to most other NHS grades, to 7.5 and 6 per cent respectively.

"So far the unions have refused to move from their totally unrealistic claim of a 12 per cent pay increase," he said.

"The onus is now on the unions. There is no prospect of more resources being available for pay in tbe NHS this year, and the right course is for the trade unions to return to negotiations."

Mr Fowler said he would wetcome talks with the unions on arrangements for NHS pay in the next pay round.

The Department of Health and Social Security and the trade unions differ quite substantially over levets of support for industrial action in the current pay campaign which has included four one-day stoppages and sporadic aelactive strikes.

The 230,000-strong Confederation of Health Service Employees claims that up to 700 of Britain's 2,600 bospitals are now rednced to accident and emergency services only. Bnt the DHSS says industrial action is "patchy" with some areas escaping any action.

Mr Len Murray, TUC general secretary, bas called on all its 108 affiliated unions to support NHS workers in their three-day stoppage, scheduled for July 19-21.

Shipyard picket ends after four years

BRITAIN'S OLDEST picket ended yesterday, four years after it started. On July 7 1978, 625 men trooped through the gates of Western Shiprepairers, Birkenhead, Merseyside, for the last time.

Management said they were closing because of a lack of orders, following the 1975 oil crisis. In 1977, the yard suffered a loss of £800,000.

But the workers claimed that the yard, with its seven docks, had some of the best shiprepairing facilities in Western Europe. Hundreds of them began a 24-hour picket of the premises, which were owned by the London-based Laird Group, which has many commercial interests.

They demanded that they should be given their old jobs back if a new owner was found. At the height of their campaign they negotiated with Cabinet ministers about their future.

Now part of the yard has been acquired by the Merseyside Development Corporation and the rest by British Shipbuilders on behalf of neighbouring Cammell Laird shipbuilders, which found work for three of the pickets. That was the sole success in their long protest. By yesterday there were only six pickets left.

Dockers to stay out

THE 250 Birkenhead dockers who were refusing to cross the Mersey to work in Liverpool without "adequate compensation" voted at a quayside meeting yesterday to stay on strike.

Their decision is not affecting cargo handling because their employers the Mersey Docks and Harbour Company has closed its operation at Birkenhead. The rest of the port was working normally.

The dockers rejected the recommendation from the shop stewards to go back to work to allow talks to resume.

The Mersey Docks shop stewards executive met later to review the position. The men have agreed to transfer to Liverpool, but are demanding compensation of £1,500 for upheaval inconvenience and an annual travel allowance of £900. The company bas offered a travel concession for the first month only.

Concern over eighth off-shore licensing

THE GOVERNMENT intended handing over oil and gas resources "lock, stock and barrel to a handful of profiteering companies," the Scottish TUC claimed yesterday.

In a letter to the Department of Energy it objected tn Government proposals on the eighth round of off-shore licensing.

The STUC expressed "deep concern" at the way the announcements on licensing were made public by Mr Nigel Lawson, Energy Secretary.

"In the seventh and eighth rounds of licensing, no documents have been issued and the Minister has instead chosen to use a parliamentary question to release his thoughts.

"It is essential to the health of open, democratic Government that, on an issue as important as the development of our oil and gas resources," the Government makes its views known with clarity and in detail," it said.

"It is the purest and most appalling hypocrisy for a Government Minister on the one hand to sneer at allegedly undemocratic practices in the trade union movement and on the other to establish parameters for consultation which forbid any sort of democratic consultation within the trade union movement."

The STUC said that the proposal to auction blocks in the mature aector of the central North Sea suggested the Government was opposed to the interest of independent companies in the UK.

It also believed that the 85 licences which will be offered in the eighth round were too many, and would lessen the potential control which this and future UK governments would have over the depletion of our natural resources.

Obligation to disabled 'not being met'

By Our Labour Staff

GOVERNMENT departments are ignoring their obligation that at least 3 per cent of their workers should be registered disabled people, according to the Low Pay Unit.

Most Government departments, local authorities, and nationalised industries are employing a smaller proportion of disabled people than they were three years ago, the pressure group says.

Last year, only the Department of Employment, the Royal Mint and the Stationery Office met the quota. No nationalised industries, electricity boards or regional water authorities did so, says a report pnblished yesterday.

A motion signed by MPs of all parties appeared on the Commons Order Paper last Thursday, calling on the Government to extend its power to protect jobs of disabled people.

**Weak Commitment to the Disabled*, by Susan Lonsdale: LPU, 9 Poland Street, W1V 3DG.*

Aslef strike stays solid in Wales

BY ROBIN REEVES, WELSH CORRESPONDENT

"I HAVEN'T seen anybody since the strike started," a British Rail supervisor volunteered helpfully, before referring me to the press officer. "It is rock solid down here," a member of the NUR confirmed.

At Cardiff's Canton diesel depot, the clocking in and out hall was deserted. My search for a locomotive engineer or fireman proved fruitless. There was not one to be found inside or outside the building, or among the llnes of silent diesel engines parked in the depot.

The strike has been so solid in Wales that union members have not even bothered to mount a picket at the Cardiff depot.

Only two trains moved in South Wales yesterday, one from the Severn Tunnel junction to Newport, a few miles away, the other to Aberthaw power station. There were no passenger services.

It was much the same on Tuesday, when only two drivers reported for work, one of them an NUR member. They enabled BR to run a goods train from the Severn Tunnel to Llandarcy oil refinery and back, and to send a 35-wagon train to Blaenant colliery to collect coal. As expected, members of the National Union of Mineworkers refused to load it.

In North Wales, the grip of the srike tightened yesterday. BR was unable to maintain the limited service it ran on the Chester - Wrexham - Shrewsbury line for the first three days of the Aslef stoppage.

Despite the absence of Aslef men at Cardiff's diesel depot, there is evidently no shortage of sympathy for their battle from NUR members, and clearly a great deal of anger and bitterness over the Government attitude.

"We know all about flexible rostering. Irregular hours are nothing new. What do you think getting up at 3 am to do an eight-hour day is?" I was asked very politely by an NUR guard.

"If Britisb Rail wants to diagram nine hours to make the railways more efficient, they can have it by paying overtime. But they want everything for just 3 per cent."

A reference to BRs financial losses is immediately brushed aside. "They bave been pleading poverty all my life. The Government can afford a war in the Falklands, and Trident but then says it can't afford to subsidise public transport for the nation," he said.

"Public services are essential for every country, whether it is railways or hospitals. Germany and France are highly efficient because they are not just on about profit all the time, and they don't insult their men by axpecting them to work for nothing.

"I am no politician, but an ordinary working chap, who sees what's going on," he added.

But what about the danger of rail closures? A Welsh Office Minister has warned that the strike could leave Wales with no railways at all.

"We have seen it bere before. If tbey want to close the steel works or part of the railway, the easiest thing to do is to incite the men. Look at that Bill Sirs. They offered him 2 per cent, knowing he couldn't possibly accept it."

But why is the strike so solid in Wales, compared with elsewbere? "It's our bad industrial history, I suppose. They have always baen out to exploit us. Before the eight-hour day, men were suffering, having to work 18 bours a day."

As the supervisor put it: "They don't break ranks down bere very often."

Boundary Commissions suggest 649 constituencies

THE NUMBER of parliamentary constituencies, now 635, would increase to 649 as the result of revised proposals issued yesterday by the Boundary Commissions for England and Wales.

Proposals already published provide for five additional Ulster seats, six more in England and one extra in Scotland. Yesterday's recommendations, covering nine counties, would add one to the total of West Yorkshire MPs and provide an extra Welsh constituency to avoid the need for a seat crossing the county boundary between Gwent and Powys.

The proposals revise, after local public inquiries, provisional recommendations issued over the past 13 months. In several cases, such as Colne Valley, they restore present constituency names which would have disappeared under the provisional recommendations. The main changes are:

Greater Manchester: the number of seats remains unchanged at 30 but seven names change from the provisional recommendations. The changes include restoration of the present names of Bolton West, Manchester Central and Salford East.

Gwent and Powys: in the provisional recommendations the two counties had a total of seven seats, with one spanning the boundary between them. Now Gwent will have six and Powys two, with the present names of Montgomery, Monmouth and Brecon and Radnor returning.

Mid Glamorgan: the name Aberdare goes and a new constituency titte of Cynon Valley appears.

West Glamorgan: Virtually unchanged, with five seats remaining.

Dyfed: Retains four seats, with the proposed Ceredigion being renamed Ceredigion and Pembroke North.

Merseyside: Would still have 17 seats. The proposed Bebington and Heswall becomes Wirral South and Heylake becomes Wirral West. In Liverpool two provisionally recommended titles, Abercromby and Croxteth, are replaced by Riverside and West Derby.

West Yorkshire: Would have 23 constituencies instead of 22. The proposed Huddersfield West is renamed Colne Valley, reatoring the present historical name of the Liberal-held seat. Name changes in Bradford restore the existing Bradford North and Bradford West.

Devon: Yesterday's modification of proposals for the three Plymouth seats would restore the present names of Drake, Sutton and Devonport.

The two commissions must submit their final reports by April and May 1984 respectively. The changes would take effect at the general election following of an Order in Council by both Houses of Parliament.

As the Government is determined to try to get the changes through before the next election, final reports are likely well in advance of the 1984 deadlines.

Robin Reeves our Welsh Correspondent adds: The Boundary Commission for Wales has bowed to a storm of criticism which greeted its original plans for a major shake-up in Welsh parliamentary constituencies.

The revised recommendations come after several lengthy public inquiries over the past 12 months and the commission has dropped the more controversial changes it had in mind for five of the eight Welsh counties.

The difficulties arose because the commission stuck rigorously to its brief of producing constituencies with as close to 57,000 electors as possible. Many felt that it had done so at the expense of geographical realities as well as historical factors.

Vauxhall workers seek £25 pay rise

BY BRIAN GROOM, LABOUR STAFF

VAUXHALL unions are to seek pay rises of up to £25 a week for the company's 15,000 manual workers.

The claim is worth between 20 and 25 per cent on basic rates and will be put to tha company next week.

Union leaders are also calling for a shorter working week, an improved pension scheme and similar conditions to those enjoyed by white-collar staff.

They say the claim forms part of attempts to bring UK pay into line with that at Opel, Vauxhall's sister company in Europe. The unions are also asking Vauxhall to reduce its imports of new cars and to step up UK production.

Last year, Vauxhall workers received a 5 per cent rise and went on to a 39-hour week. Lucas Industries bas already opened the 1982-83 motor industry pay round with an offer of about 5 per cent.

Vauxhall unions say their £25 claim is for the lowest paid workers, with slightly smaller increases for more skilled workers.

The settlement date is mid-September. The current weekly basic rate for grade four, covering most production workers, is £99.60. The lowest general labourer rate is £88, and the highest craft rate is £113.40.

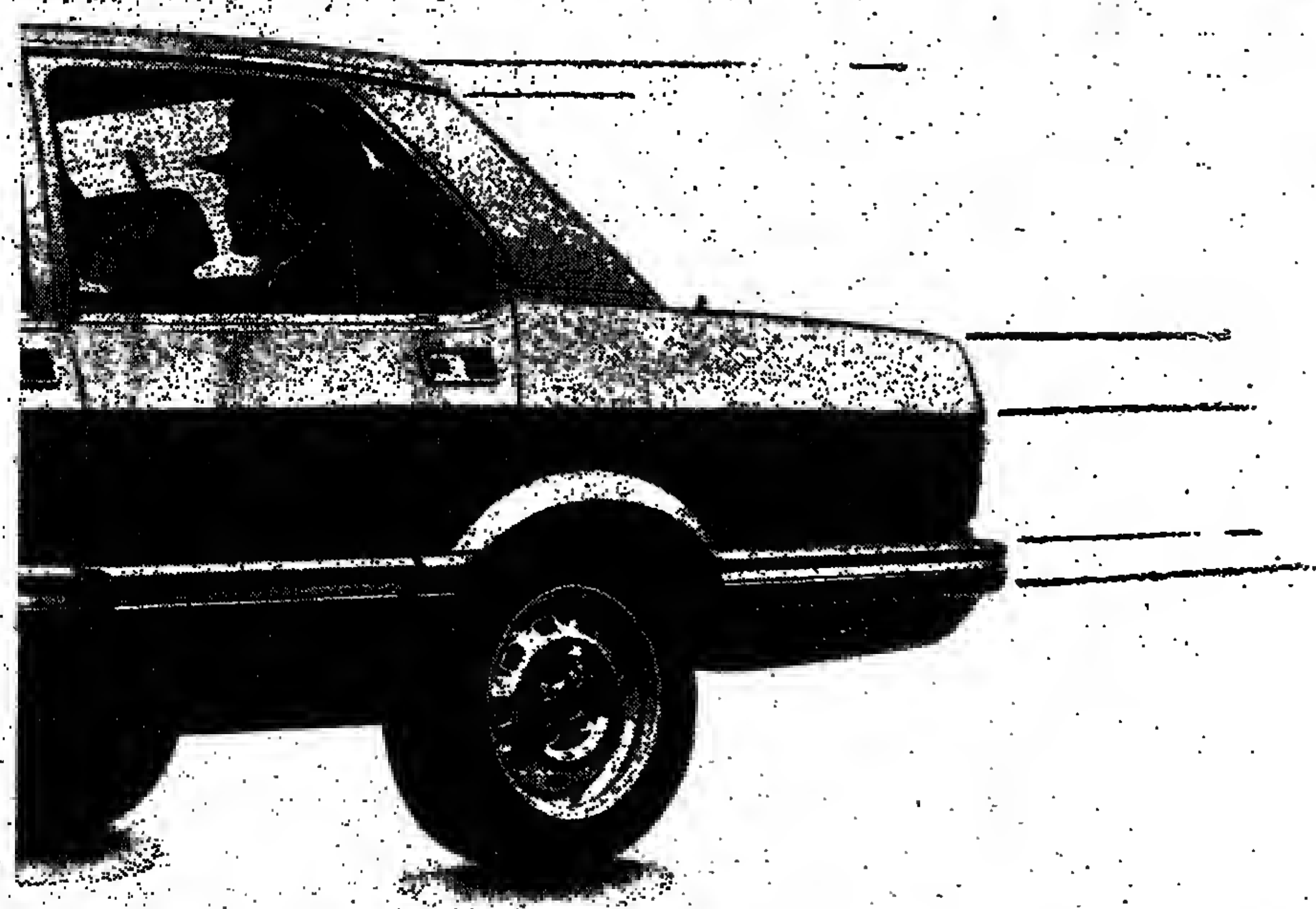
A year ago, Vauxhall was on extensive short-time working, but has now virtually returned to full-time. Vauxhall and Opel registrations were up 33.1 per cent in the first six months of the year—partly imports, and partly increased UK production.

The company aims to break even in 1982 and return to profit in 1983, after a net £57m loss in 1981.

Workers at the Luton factory are currently receiving between £5 and £9 a week production bonus for the Cavalier car, but no bonus is being paid at the Dunstable lorry factory or at the Ellesmere Port car plant.

Say hello to the new Fiat two-litre.

Introduce your chauffeur to back-seat driving.



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No matter where you sit, you can't fail to wonder at the cost of our new car.

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BUSINESS LAW

Whose law is it anyway?

BY A. H. HERMANN, Legal Correspondent

WHEN INDIVIDUALS or companies are subject to conflicting regulations, it is a sure sign that "muddling through" is undermining the rule of law—or that a powerful state is trying to clip the sovereignty and independence of another. Law is an exclusive system of enforceable rules, identified with the state, and conflicts of legislative jurisdiction, therefore, always throw international relations. This mischief is quite separate from the issues underlying the most recent conflict of this sort between the U.S. and the UK.

As Mrs Thatcher confirmed in the Commons last week, many people share U.S. doubts over the Soviet gas pipeline. Countries which contract for one-third of their gas requirements to be supplied from the Urals will restrict their independence to some degree. There was no need for the Soviet Union to send its army to Poland, the threat that it could turn off the pipelines was enough. The Polish case also illustrates how creditors can become dependent on their debtors. For these reasons the opposition of the U.S. to its allies' participation in the Soviet gas pipeline project is at least understandable. That, however, is not the issue here.

Mrs Thatcher also pointed out that the question was whether the U.S. could prevent existing contracts from being fulfilled. Indeed, one could add that any attempt to make U.S. domestic law effective in the countries of its allies, and to impose U.S. policies on them in this way, is bound to weaken the alliance at a time when it is already under strain. The great concern which this is causing in Europe is evident from the order made by Lord Cockfield, the Trade Secretary, under the Protection of Trading Interests Act 1980, that the U.S. controls are damaging to the trading interests of the UK. This will prevent British companies from complying with U.S. requirements or prohibitions.

Statutes blocking extraterritorial application of U.S. laws have been adopted by Belgium, Denmark, Finland, France, Germany and the Netherlands and, in addition, by Australia, Canada and India. The question is whether blocking legislation is an effective and suitable remedy.

It can be very effective. The U.S. so-called "nationality jurisdiction" over foreign subsidiaries, which is now being invoked, did not come out too well from a test to which it was exposed in France in connection with the U.S. embargo on trade with China.

Fruehauf-France was, in 1964, one of the 10 foreign manufacturing subsidiaries of the Fruehauf Corporation of Detroit, a major producer of heavy trucks. The French subsidiary was organised as a company under French law. The U.S. parent owned 70 per cent of its shares. French shareholders the rest. Of the eight directors, five were nominated by Detroit headquarters, and the others by the French shareholders.

When the U.S. Treasury learned that Fruehauf-France had received a sub-contract in connection with the delivery of semi-trailers to China, it instructed Fruehauf-Detroit to cause the French subsidiary to cancel the contract on pain of criminal penalties to the parent company and its directors. The French Government protested that, by obeying the U.S. orders, the directors of the French subsidiary would become liable to criminal prosecution in France for violation of French company law. In the end, the conflict was solved in the civil courts. At the request of the French directors, a French commercial court appointed a temporary administrator to secure the implementation of the Chinese contract.

> Canada, the UK and the U.S. have been asked to consider proposals for avoiding conflicts between national laws and international business activity

Of even greater interest was the U.S. reaction. The Treasury announced that as the subsidiary ceased to be under the control of Detroit, no sanctions would be taken against the parent company or the American directors of the French subsidiary. The Treasury lawyers closed both eyes to the U.S. Foreign Assets Control Regulations which spoke of subsidiaries "owned or controlled" by U.S. interests—the French subsidiary remained in U.S. ownership. The lesson was learned, and the Rhodesian Transactions Regulations, enacted three years later, were not made applicable to foreign subsidiaries in which U.S. corporations had only shares without effective control.

Unilateral legal measures to curb the extraterritorial application of U.S. laws and policies can evidently have some effect, but are they a suitable and safe remedy? The side-effects of such remedies are always unpleasant and may be dangerous. They aggravate the underlying political conflict, and in any case lead to legal uncertainty, to the detriment of trade. One is driven to the conclusion that this is a problem which should be solved by international agreements overruling national laws and providing national courts with a firm basis for decisions.

An international highway code of legislative jurisdiction should ensure that foreign subsidiaries are subject only to local law, should decriminalise foreign enforcement of antitrust and should secure the same treatment for domestic and foreign export cartels. Such a code would also provide that offences against market regulations should be punishable only by the exclusion of the foreign dealer from the national market.

The refinement of such an international convention and its uniform interpretation should be entrusted to an international tribunal acting on references from national courts or governments. It could share the personnel and facilities of the International Court of Justice in the Hague.

Large companies on both sides of the Atlantic feel that something better than angry confrontation over individual instances is necessary, and proposals* for an international solution, have been commended for consideration by the governments of Canada, the U.S. and the UK by the British-North American Committee—a group of top executives drawn from the private sectors of the three countries. One of their members is Mr George Shultz, the U.S. Secretary of State designate. Let's hope that he will not forget.

** Conflict of National Laws with International Business Activity—Issues of Extraterritoriality. A study by the author, to be published shortly by the British-North American Committee, in London and Washington.*

RACING

BY DOMINIC WIGAN

TWO French-trained sprinters, Kind Music and Blue Courtier, are among the runners for today's William Hill July Cup at Newmarket, which also sees an Irish presence in the form of the lightly-raced Molly.

All three should go well, but with Sharpo and Indian King representing the home side, the overseas trio will have to do well to prevent the prize remaining in Britain.

Indian King is, predictably, favourite for today's Group One prize over the last six furlongs of the Bunbury mile, since he showed both class and determination in giving 17lb to Vaigly Star in Royal Ascot's Cork and Orrery Stakes on Gold Cup Day.

Indian King has a serious claim to being one of the best six furlongs performers in Europe, after he clipped nearly half a second off the course record there, coming in three-quarters of a length clear of Vaigly Star. Indian King ought not to be hard pressed to confirm his superiority over the runner-up, whom he meets on 5lb better terms.

Sharpo is likely to prove a very different proposition. Arguably last season's fastest sprinter, he was running better than any of his rivals when he snatched third place from Crofthall close home in the Palace House Stakes at the nearby Rowley Mile course in the spring. Although he is without the benefit of a recent run, Sharpo, owned by one of England's luckiest owners, Miss Monica Sheriffe, will do for me.

The Addison Tool Company has succeeded in securing another competitive field for its handicap over the Bunbury mile as the company celebrates its 25th anniversary. All 11 winners come in for consideration on their best form of 1981 or this year and it is with more hope than confidence that I go for Don Giovanni.

NEWMARKET

2.00—Killiney Bay**
2.30—Perang Tejam
3.05—Sharpo***
3.35—Don Giovanni
4.10—Cowdenbeath*
4.45—Viking Centre

TELEVISION

Tonight's Choice

If you want to avoid the World Cup semi-final you seem to have two choices—an old film or an old film. ITV perhaps has the edge with Zulu in which a thin red line spills a lot of black blood. The BBC 2 offering, Funny Girl, depends on your reaction to Barbra Streisand—my opinion is that the nos have it.

Later the BBC 2 series on summer festivals reaches Chichester. An earlier programme on Greenwich was rather obsequious but at least the artists got a lengthy opportunity to show off their talents. Thursday regulars which brighten up the evening and deserve more than superior disdain are Give us a clue, charades on ITV, and Top of the Pops on BBC 1, introduced this week by "Kid" Jensen.

There is an odd ball on Radio 3—Dragon "an epic saga" about St George and the Dragon by Don Haworth. It contains at the very least two distinctive voices—Robert Stephens as St George and Alan Bennett as Thesaurus. Radio 4 attempts to match it a little later when Maria Jolas reminisces about Paris in the 1920s. The low down on Picasso, Matisse, Joyce and Stravinsky is promised in Silent Rendezvous at 9.10.

ANTONY THORNCROFT

BBC 1

6.40-7.55 am Open University (vhf only). 10.55 Cricket: Third Test—England v India from the Oval. 1.05 pm News After Noon. 1.32 Regional News for England (except London). London and SE: Financial Report. 1.35 Mr Benn. 1.50 Pobol Y Cwm. 3.35 Regional News for England (except London). 3.40 Play School.

4.05 World Cup Grandstand live coverage of today's semi-final between Poland and Italy.
6.05 News
6.55 World Cup report
7.30 Top of the Pops
8.10 Fame
9.00 News, weatherman
9.25 Oppenheimer
10.25 Night Music
11.03 News headlines
11.05 World Cup Report
12.10 am Weatherman

BBC 2

6.40-7.55 am Open University.
10.30 Play School.
1.35 pm Cricket: Third Test—England v India.
4.05 The Humpbacked Pony
4.55 Touche Turtle
5.00 Newsround
5.10 Think again
5.35 Paddington
5.40 Cricket Third Test (continues)
7.30 "Funny Girl," starring Barbra Streisand, Omar Sharif.
9.55 Summer Festivals.
10.45 Newsnight.
11.30 Cricket highlights.

LONDON

9.30 am Barney Google and Snuffy Smith. 9.40 Wilderness Alive: "The Wild Colorado." 10.30 History of the Grand Prix "1971: House of Stewart." 11.00 A Big Country. 11.30 Paint Along with Nancy. 12.00 Gammon and Spinach. 12.10 pm Get Up and Go! 12.30 The Sullivans. 1.00 News, with Peter Sissons, plus FT Index. 1.20 Thames News with Robin Houston. 1.30 Emmerdale Farm. 2.00 Here Today. 2.25 Racing from Newmarket. Covering the 2.30, 3.05 and 3.35 races. 3.50 World Cup '82.
6.15 ITN News.
6.30 Thames News, with Andrew Gardner, Rita Carter.
7.00 Crossroads.
7.30 Zulu. Starring Stanley Baker, Jack Hawkins and Michael Caine.
10.00 News, followed by Thames News Headlines.
10.30 TV Eye.
11.00 Hill Street Blues.
12.00 What The Papers Say.
12.15 am Sit Up and Listen.

Because of World Cup coverage programmes will be subject to alteration.

† Indicates programme in black and white.

All IBA regions as London except at the following times:

ANGLIA

9.30 am Sesame Street. 10.30 Cities. 11.25 Country People. 11.50 Wattoo, Wattoo. 1.30 pm Anglia News. 6.30 About Anglia. 11.40 Lou Grant. 12.35 am The Goat Boy's Discovery.

BORDER

9.30 am European Folk Tales. 9.40 A Place to Live. 9.55 Joe 90. 10.20 Young Ramsay. 11.05 321 Contact. 11.30 The Extraordinary People Show. 1.30 pm Border News. 6.30 Lookaround Thursday. 11.40 Border News Summary.

CENTRAL

9.45 am Make Mine Music. 10.10 Bygones. 10.35 Superstar Profile. 11.00 Nature of Things. 12.30 pm The Young Doctors. 1.20 Central News. 2.00 Central News at the Royal Show. 6.30 Central News. 11.40 Central News. 11.45 The Shadows in Concert.

CHANNEL

1.20 pm Channel Lunchtime News. 6.30 Channel Report. 10.28 Channel Late News. 11.40 Mannix. 12.35 am News and Weather in French.

GRAMPIAN

9.30 am First Thing. 9.35 Sesame Street. 10.35 Beyond West World. 11.30 Al Fleming Man of the North. 11.55 Captain Nemo. 1.20 North News. 6.30 Summer at Six. 5.55 Police News. 11.40 The Gangster Chronicles. 12.30 am North Headlines.

GRANADA

9.30 am European Folk Tales. 9.40 A Place to Live. 9.55 Joe 90. 10.20 Young Ramsey. 11.00 3-2-1 Contact. 11.30 The Extraordinary People Show. 1.20 pm Granada Reports. 6.30 Granada Reports. 11.40 What The Papers Say. 12.00 Late Night From Two.

HTV

9.50 am 3-2-1 Contact. 10.20 Larry the Lamb in Toytown followed by Magilla Gorilla. 10.45 Wild, Wild World of Animals. 11.10 Patterns. 11.35 Johnny's Animal Operas. 1.20 pm HTV News. 6.30 HTV News. 11.40 Lou Grant. 12.40 am What The Papers Say.
HTV Cymru/Wales—As HTV West except: 12.00 Anneet. 9.30 Y Dydd. 6.45 Report Wales.

SCOTTISH

10.00 am In Search of Troy. 10.25 Crazy World of Sports. 10.50 The New Fred and Barney Show. 11.15 Young Ramsay. 1.20 Scottish News. 6.30 Scotland Today. 11.40 Late Call. 11.45 Barney Miller.

TSW

9.30 am Sesame Street. 10.30 Feature Film: "Okay for Sound." 11.55 The Undersea Adventures of Captain Nemo. 12.27 pm Gus Honeybun's Magic Birthdays. 1.30 TSW Regional News. 6.30 Today South West. 10.32 TSW Late News. 11.40 Mannix. 12.35 am Postscript.

TVS

9.30 am Alphabet—The Story of Writing. 10.00 Paint Along With Nancy. 10.25 Film: "Storm in a Teacup." 11.50 Cartoon Time. 1.30 pm TVS News. 6.30 Coast to Coast. 11.40 Quincy. 12.35 am Company.

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 9.30 Alphabet—The Story of Writing. 9.55 Cartoon Time. 10.00 Morning Movie: "Odd Man Out." 11.50 Larry the Lamb. 1.20 pm North East News. 6.30 Northern Life. 10.30 North East News. 11.40 Check It Out. 12.08 am Job Slot Extra. 12.10 Epilogue.

YORKSHIRE

9.30 am Sesame Street. 10.30† "Okay For Sound" (Film). 11.55 The Undersea Adventures of Captain Nemo. 1.20 pm Calendar News. 6.20 Calendar (Emley Moor and Belmont editions). 11.40 Late Night Drama.

ULSTER

1.30 pm Lunchtime. 3.48 Ulster News. 6.30 Good Evening Ulster. 6.50 Police Six. 10.29 Ulster Weather. 11.40 News.

RADIO

RADIO 1

(S) Stereo broadcast (when broadcast on vhf)

5.00 am As Radio 2. 7.00 Steve Wright. 9.00 Simon Bates. 11.30 Dave Lee Travis including 12.30 pm Newsbeat. 2.00 Paul Burnett. 4.30 Peter Powell including 5.30 Newsbeat. 7.00 Walters' Weekly. 8.00 David Jensen. 10.00 John Peel (S).

RADIO 2

5.00 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 Gloria Hunniford (S). 2.00 Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News; Sport. 6.00 John Dunn (S). 8.00 Country Club (S). 9.00 Alan Dell (S). 10.00 The Impressionists. 10.30 Star Sound Extra. 11.00 Brian Matthew (S from midnight). 1.00 am Encore (S). 2.00 You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composers (S). 10.00 Bax (S). 10.45 Haydn Quartets (S). 11.30 Bournemouth Sinfonietta (S). 1.00 pm News. 1.05 Manchester Summer Recital (S). 2.00 Stiffelio (S). 4.10 Clarinet Music (S). 4.55 News. 5.00 Mainly for Pleasure (S). 6.30 Bandstand (S). 7.00 Dragon (S). 9.00 Joachim Raff (S). 9.35 Europe Must Defend Itself. 9.55 Joachim Raff (S). 10.40 My Merry Mornings. 11.00 Percy Grainger (S). 11.15 News.

RADIO 4

5.00 am News Briefing. 6.10 Farming Today. 6.30 Today. 8.33 Yesterday in Parliament. 9.00 News. 9.05 A Moveable Feast. 9.30 The Living World. 10.00 News. 10.02 European Journey. 10.30 Daily Service. 10.45 Morning Story. 11.00 News; Travel. 11.03 Utopia (S). 11.48 Enquire Within. 12.00 News. 12.02 pm You and Yours. 12.27 Brain of Britain 1982 (S). 1.00 The World at One. 1.40 The Archers. 2.00 News. 2.02 Women's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 4.00 News. 4.02 Countryside View. 4.10 A Good Read. 4.40 Story Time. 5.00 PM. 6.00 News. 6.30 Any Answers? 6.54 It's A Bargain. 7.00 News. 7.05 The Archers. 7.20 Concert Prelude (S). 7.30 BBC Northern Symphony Orchestra (S) Concert Part 1 C.P.E. Bach; Britten. 8.00 The Saga of Jorgen Jorgensen. 8.20 Concert (S) Part 2: Schubert; Tchaikovsky. 9.10 Silent Rendezvous. 9.30 Kaleidoscope. 10.00 The World Tonight. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

PUBLIC NOTICES

COMPETITION ACT 1980
NOTICE UNDER SECTION 9
TI Raleigh Industries Limited and TI Raleigh Limited

Following a report by the Monopolies and Mergers Commission on the application by TI Raleigh Industries Ltd and TI Raleigh Ltd of certain criteria for determining whether to supply bicycles to retail outlets (HC 67 published on 16 December 1981), the Secretary of State for Trade requested the Director General of Fair Trading to seek to obtain certain undertakings from the companies. The Director General of Fair Trading has now accepted the following undertakings from the two companies:

Each of TI Raleigh Industries Ltd and TI Raleigh Ltd hereby severally undertakes to the Director General of Fair Trading that it will not refuse to supply bicycles (other than bicycles carrying the brand name "Raleigh") on any of the following grounds:
a) loss leading (other than in circumstances specified in Section 13 of the Resale Prices Act 1976):
b) non-availability of technical advice:
c) servicing facilities:
d) stocks of spare parts: or
e) commitment to bicycle retailing

to any discount store which agrees:
a) to display appropriate sizing charts provided by either TI Raleigh Industries Ltd or TI Raleigh Ltd as the case may be ("the relevant company") or to include equivalent information in its catalogues; and
b) either to make arrangements for the post-delivery servicing of these bicycles which are supplied by the relevant company and sold by the discount store by a local Raleigh service dealer nominated by the relevant company; or, where such arrangements cannot be made, in respect of any such bicycles which being faulty in design or construction are returned to the discount store by the customer, to
i) return the faulty bicycle, at its own expense, to the relevant company and
ii) either provide the customer with a replacement or refund the purchase price to the customer.

For the purpose of these undertakings:
"bicycle" means any bicycle for a rider with an inside leg measurement of 508 mm or more: and
"discount store" means any category or retailer which generally pursues a policy of charging retail prices below manufacturers' recommended or suggested prices in respect of some or all of the product lines sold by it.

BOROUGH OF PRESTON BILLS
£—.7m Bills from 7.7.82 to 6.10.82 at 12 15-64th%. Appln. £2.1m, £—.7m outstanding.

CLEVELAND COUNTY COUNCIL
£23,400,000 bills issued on 7th July 1982 at a rate of 12¼ to mature on 6th October 1982. Total applications were £154,000,000 and there are no bills outstanding.

M. B. of SANDWELL BILLS
£4.75m Bills from 7/7/82 to 6/10/82 at 12¼ per cent. Appln. £20m. £12.5m outstanding.

METROPOLITAN BOROUGH OF KNOWSLEY
£1,000,000 bills issued on 7th July 1982 at a rate of 12¼ to mature on 6th October 1982. Total applications were £10,000,000 and there are £3,000,000 bills outstanding.

SUFFOLK COUNTY COUNCIL
£5,000,000 bills issued on 6th July 1982 at a rate of 12¼ to mature on 5th October 1982. Total applications were £37,000,000 and there are £15,000,000 bills outstanding.

SURREY M.B. BILLS
£5.5m Bills from 8/7/82 to 7/10/82 at 12¼%. Appln. £47.5m. £5.6m outstanding.

N.V. AMEV
US$40,000,000
8% Debentures due 1978/1987

In accordance with the terms and conditions of the above-mentioned debenture loan, the undersigned, trustee for the debenture holders, announces that the company has surrendered to the trustee 4,000 debentures of US$1,000 each for cancellation so that no drawing of debentures will take place for the redemption instalment as per August 1st 1982 and that the 4,000 debentures so surrendered to the trustee will be credited in or towards satisfaction of the redemption instalment due on August 1st 1982.

The Trustee:
AMSTERDAMSCH TRUSTEE'S KANTOOR B.V.
N.Z. Voorburgwal 326-328
1012 RW Amsterdam
The Netherlands
July 2, 1982

NACIONAL FINANCIERA S.A.
US$100,000,000
Floating Rate Notes
1978/85/1993

In accordance with the terms and conditions of the above mentioned floating rate notes the interest rate applicable for the period from July 7th, 1982 to January 7th, 1983 (184 days) has been fixed at 17¹⁄₁₆ per cent per annum. Interest payable on each note of US$1,000 on January 7th, 1983 against Coupon No. 10 will be US$88.49.

BANQUE INTERNATIONALE A LUXEMBOURG
Société Anonyme
Fiscal Agent

INSTITUTO DE CREDITO OFICIAL ICO
(a public entity of the Spanish State)

US$78,000,000
FLOATING RATE NOTES DUE 1992
(Retractable at the Option of Holders in 1989)

In accordance with the provisions of the Notes, notice is hereby given that for the initial period from July 8, 1982 to January 10, 1983 the Notes will carry an interest rate of 16¹³⁄₁₆% per annum. The interest payable on the relevant interest payment date, January 10, 1983 against Coupon No. 1 will be US$842.81.

THE CHASE MANHATTAN BANK, N.A., London
Agent Bank

NOTICE TO HOLDERS OF WELLS FARGO INTERNATIONAL FINANCING CORPORATION N.V.

15½ PCT GUARANTEED NOTES DUE JUNE 15 1984

Copies of the Accounts of the Company and the Annual Report and Accounts of the Guarantor, Wells Fargo and Company, for the year ended 31st December, 1981 can be obtained from Wells Fargo Bank N.A., Winchester House, 80 London Wall, London EC2.

NOTICE TO HOLDERS OF WELLS FARGO INTERNATIONAL FINANCING CORPORATION N.V.

15 PCT GUARANTEED NOTES DUE SEPTEMBER 10, 1985

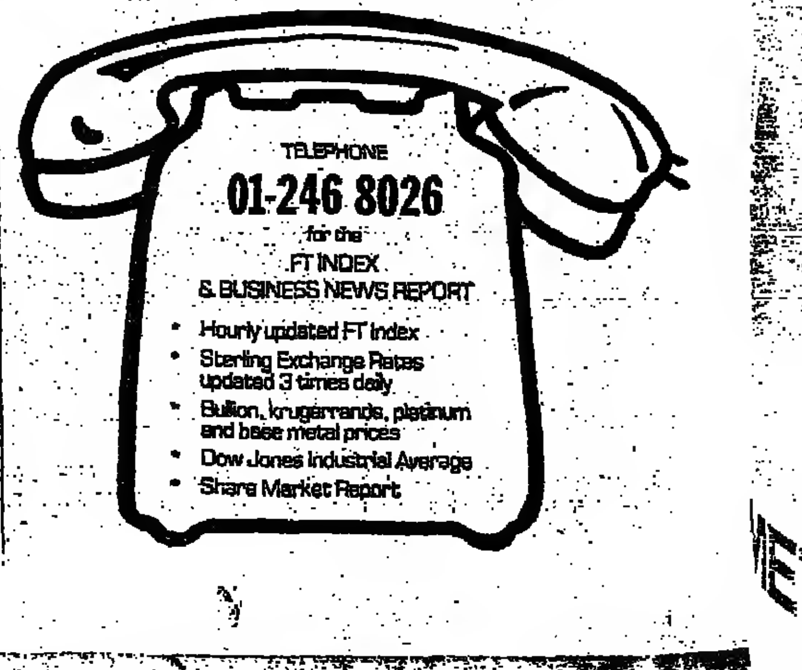
Copies of the Accounts of the Company and the Annual Report and Accounts of the Guarantor, Wells Fargo and Company, for the year ended 31st December, 1981 can be obtained from Wells Fargo Bank, N.A., Winchester House, 80 London Wall, London EC2.

NOTICE

The Curator of Estates of Deceased Persons of Norfolk Island is attempting to locate Noreen Anne Davis nee McCoy who is a daughter of William Tilly McCoy deceased. She was married in 1953 to Kevin Hamilton Campbell Davis. Attempts are also being made to locate her mother Kathleen Patricia McCoy nee Noonan. Any information regarding the whereabouts of any of the abovenamed persons should be sent to the Curator of Estates of Deceased Persons, Kingston, Norfolk Island.

CLUBS

PERSONAL



FINANCIAL TIMES SURVEY
Thursday, July 8 1982

Vans and Light Trucks

Japanese manufacturers loom large in the medium-term future of the European commercial vehicle industry and the "world truck" project of General Motors is being carefully watched. Nevertheless there are hopes of European output rising next year.

Europe faces up to Japanese drive

BY KENNETH GOODING
Motor Industry Correspondent

WHEN NISSAN of Japan acquired a majority shareholding in Motor Iberica of Spain in May this year, one informed commentator suggested it was "perhaps the most significant development of the decade for the European commercial vehicle industry."

The deal means that Nissan is the first Japanese vehicle maker to establish a truck and bus manufacturing basa in Europe.

Iberica already does reasonably well with its Ebro and Avia light commercials in the Benelux countries as well as in Spain. Now Nissan has the opportunity to rebadge them with either its own name or even use the Datsun label better-known by European buyers.

And if or when Spain joins the EEC, Nissan could take advantage of an effective car dealer network through which to build light commercial sales.

Nissan benefited from Massey Ferguson's financial weakness in January 1980 when it bought the Canadian-based group's 36 per cent shareholding in Iberica for $40m. The majority control came this year after Nissan put up another $21.5m when Iberica bad a rights issue. The Japanese group now has 51.6 per cent.

Iberica has been laying down lines to produce Nissan's four-wheel-drive Patrol and a light van range, the Vanette. Both will use Perkins engines built in Spain. (Perkins is a Massey Ferguson subsidiary.)

By incorporating Perkins engines matched with Iberica's own four speed manual gearboxes Nissan will be able to reach the 85 per cent Spanish content the authorities insist upon.

Production of the Patrol is scheduled to begin next year and the vans should arrive 12 months later.

The volumes announced are not enormous, 15,000 Patrols a year and 20,000 vans. But the European market for this type of vehicle is already severely competitive and the growth in demand is not expected to be very great.

In the past two or three years the two West German groups, benefiting from the largest domestic market for light vans, introduced replacements for rather old vehicles. Mercedes has a new Bremen van and Volkswagen replaced the 30-year-old Transporter.

Iveco, the Fiat subsidiary, introduced the Daily van and, more recently, the Ducato van, made in Southern Italy and also sold by Peugeot as the J5 van.

Renault, not to be outdone, launched its Trafic-Master van range specifically designed to appeal to a wide cross section of European markets.

For, although the light commercial vehicle sector resisted the trend towards "European" models much longer than was the case with heavier trucks, the manufacturers can no longer afford to ignore EEC export markets in particular when designing new vehicles.

International trade within the EEC in light commercials has developed rapidly in the past 10 years. Fiat and Renault could not ignore the success in Italy and France of "European" vehicles such as Ford's Transit van.

The Transit last year still managed to maintain its position as the best-selling medium commercial in Western Europe with sales of 95,337 and Ford hopes to push that up to 100,000 this year with the help of its "price and product realignment programme"—i.e. lower prices and better specifications —which has been effected in many of the major European markets.

However, the Transit is certainly old-in-the-tooth—it is 17 years old—and the newer vans make better use of their available carrying space as well as having more impressive fuel consumption figures.

Ford has a Transit replacement, code-named Triton, on the stocks and there are suggestions within the supply industry that it could be launched as early as autumn next year.

Triton will be a "European" light commercial and the prospects for export outside the EEC are limited, not the least by Japanese successes in this sector.

As pointed out in a separate feature in this survey, the Japanese manufacturers loom large in the medium-term future of the European commercial vehicle industry.

Demand for light commercials in Europe should start to pick up in 1983 but the local manufacturers will have to share much more of what is available with tha Japanese.

At tha same time, Japanese exports of light commercials will be squeezing the Europeans out of some traditional non-European export markets. The trend is already clear to see.

For example, last year the West German heavy commercial vehicle manufacturers pushed up production in spite of the sharp downturn in domestic demand because they picked up major orders from members of the Organisation of Petroleum Exporting Countries.

There was no such compensating export business for the van producers.

Volkswagen suffered a 28 per cent drop in van output last year compared with tha 1981 totals. It was down from 109,734 to 78,804. Daimler-Benz (the Mercedes group) saw van production fall 15.6 per cent, from 43,485 to 36,689 over the same period.

While the major preoccupation of the European light commercial manufacturers is with the Japanese "threat," there are other recent developments which they are watching carefully.

Tha rest of the industry, although cynical about the prospects for success, are wondering just how General Motors, the world's largest motor group, will handle its proposed "world truck" project.

Among other things a replacement for the Bedford CF van and a medium-weight truck of between 7.5 and 16 tonnes are being considered as suitable cases for treatment by GM.

The American group will be co-ordinating the efforts of its U.S. subsidiaries, including Chevrolet, as well as those of GM do Brasil, Bedford in Britain and Isuzu, the Japanese group in which it has a one-third shareholding, in the "world truck" scheme.

As with the "world car," the idea is not to produce one vehicle suitable for all markets but rather a number of key components which will fit in a number of models, each designed specifically for the markets in which they will be sold.

While GM hopes to push further into the light commercial vehicle markets outside its home base, Fiat is hoping to reverse the trend and penetrate the same sector in North America. This, too, possibly will provide a pointer for other European groups.

Fiat's offshoot, Iveco, in January signed a long-term contract with International Harvester (IH), the financially troubled U.S. truck and farm machinery maker for the sale of Iveco-built light commercials through the American group's dealer network in North America.

Until January Iveco was the only European company among those attempting to penetrate North America which was doing so without a local partner. Iveco has its own 180-strong dealer network but the arrangement with IH gives it access to a further 1,300.

The contract runs for six years and has renewal options. It involves the Iveco "Z" range of commercials between 5 and 12 tons gross weight which are made at Brescia, northern Italy. Most will be shipped in chassis-cab form to the U.S. where bodies will be added locally.

IH, which gave up making light commercials in 1976, will put its own badge on the vehicles to go through its network and make other, minor modifications.

As a result of the deal, Iveco hopes that its commercial vehicles sales in North America this year will jump to around 5,000 compared with 2,600 in 1981.

To achieve this objective it will have to take sales from GM and Ford, the main contenders in that market segment in the U.S.

Meanwhile, back in Europe light commercial production in the major markets seems likely to present a varied picture this year. But all countries should see output improve in 1983.

For example, recent forecasts by DRI Europe suggested that in Italy, output of commercials of up to 15 tonnes gross weight would slip from 138,000 last year to around 131,000 this year but recover to 136,500 in 1983.

West German production of similar vehicles is also predicted to fall, from last year's 299,500 to 281,000 in 1982 but next year the forecast is for an output of 301,000.

The UK should show progress from a very low base. Output is forecast to rise from 201,500 last year to 242,000 this year and be at 262,500 in 1983.

The French production is predicted by DRI to continue strongly upward, from 384,500 in 1981, to 398,500 this year and 410,500 next year.

NEW REGISTRATIONS FROM SIX MAJOR EEC MARKETS
(Belgium, France, West Germany, Italy, Netherlands, U.K.)

	Actual				Forecast					
Gross vehicle weight	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
Light vans up to 2 tons	293,571	326,239	313,887	308,943	291,353	297,276	310,732	304,104	305,638	311,686
Per cent change	7	11	−4	−2	−6	2	5	−2	1	2
Medium vans (2.0 to 3.50 tons)	407,847	449,684	466,669	444,456	422,567	442,661	467,182	460,166	449,012	465,856
Per cent change	9	10	4	−5	−5	5	6	−2	−2	4
Light rigids (3.5 to 7.50 tons)	78,217	87,021	77,079	62,742	63,818	72,277	82,670	77,976	73,965	72,965
Per cent change	3	11	−11	−19	2	13	14	−6	−5	−1
Total	779,635	862,944	857,635	816,141	777,739	812,213	860,584	842,245	828,615	850,508
Per cent change	8	11	−1	−5	−5	4	6	−2	−2	3

Source: DRI Europe, Truck Industry Services.

CONTENTS

VANS AND LIGHT TRUCKS II

Small businesses are now opting for other ranges. **John Griffiths** explains.

Competition fragments car-derived sector

THE CAR-DERIVED light van is a long-established and useful vehicle, not just for users, but the manufacturers themselves.

When new car demand is weak, as now, it helps to fill ont production capacity. Conversely, in a buoyant market for cars, it can be a nuisance. Fulfilling demand for it could mean cutting back on cars, which tend to be better equipped and to provide higher profit per unit.

It should not come as too much of a surprise, therefore, that the van version of Ford's Escort is in short supply. Tha Escort has become one of the few cars of which Ford cannot build eoough — it has become not only Britain's, but the world's, best-selling car.

But this hardly reflects the overall picture of demand for light vans in Western Europe. By Ford's own estimate, the market is 14 west European countries will stage a slight recovery this year to 346,000 units—about 22,000 higher than in 1981, but well down on 1979 pre-recession levels. There is, according to Ford, some scope for growth, to a level of perhaps 380,000 by 1990.

That is hardly dynamic, but the picture painted by consultants, DRI Europe, is more pessimistic. Taking the six main European markets—UK, France, West Germany, Italy, Netherlands and Belgium—it sees a total market by 1987 of 311,686 units, still well below the 326,239 level of 1979.

But Ford's figures include very light, purpose-built Japanese "microvans" for which there are no direct European competitors.

And while the car-derived van has served many users well in the past, there is a discernible preference emerging among small businesses both for the microvans and for the larger, one-ton payload purpose-built panel van and pick-up. The last two sectors have seen much activity in the past two years, with a number of new products arriving from both Japanese and European manufacturers.

Investment

The latter have watched the growth of the microvans, in particular, with some frustration. They are cheap — about £2,500 in the UK.

Total European light van volumes do not justify the investment in developing rivals. And the cost advantage of the Japanese in developing markets is such that there would be little prospect of getting extra volume through sales outside of Europe.

The minor consolation is that, with direct controls on Japanese imports in France — much the largest light van market, expected to account for 170,000 units this year — and Italy, and the extension of the "prudent" marketing agreement with Japan in the UK to cover commercials up to 3.5 tons, the Japanese will tend increasingly to concentrate on sales of larger, more highly specified units yielding higher profits.

But the car-derived market is being constrained by other factors than the Japanese: DRI's forecast of likely developments in France provides an illustration.

"The appearance on the market of Renault's new Trafic and Master, Citroen's C25 and Peugeot J5 purpose-built panel vans" will in a very short time have changed the face of the van market. The huge car-derived light van sector is likely to suffer permanent loss of volume to the medium van sector in which almost all these registrations will fall," according to the consultants.

Even so, the car-derived van market tends to be rather more fragmented than that for medium vans. In the past, they have not "travelled" well across national boundaries.

The French and Italian markets, in particular, tend to be highly nationalistic, while staples of the French market — the Renault 4 van, for example — have made no inroads in markets such as Britain.

West Germany has all but ignored car-derived vans, buyers opting instead for medium vans such as the VW Transporter, which has a 30-year history but which in 1980 was relaunched as a new model. Only 8,000 car-derived vans were sold last year. The fact that Ford expects this figure to rise to 11,000 this year is largely due to the emergence of the front wheel drive Escort van, with Ford's share of the market expected to rise from 11 to 19 per cent.

The market in the UK has plunged steeply from the 92,000 recorded in 1979 to 75,000 in 1980, 59,000 last year and an expected 61,500 this year (BL's estimate).

Ford's figures are more broadly based to include microvans and very light four-wheel-drive vehicles, but predict a market of 65,000-67,000 this year (69,600 in 1981) with a rise forecast next year to around 70,000. But again its trend forecast of a market stuck at 70,000 even in 1991 emphasises that the overall situation for light vans is one of long-term stagnation, and probably decline.

Facelift

That has not stopped European makers from continuing to offer and develop car-derived vans—BL, for example, has just facelifted its Marina-based vans to give them the same frontal appearance as the Ital, the car which has to see BL through in the medium saloon sector until its new LC 10 range appears. It is also expected to launch, later this year, a van version of its popular Metro — for which plenty of capacity exists at Longbridge.

Fiat has probably come closest to the microvan concept, however, with its Fiorino, based on the Fiat 127—but with a large square box mounted on the rear.

BL, Ford, with its Escort and Spanish-built Fiesta vans, and Bedford with its Vauxhall Viva-based HA van still predominate in the car-derived market, sharing about 85 per cent (of that share, Ford has about half).

They are expected to continue to hold about the same proportion of specifically car-derived sales. But again, DRI forecasts that these will fall as a proportion of the total light commercials market to below 38 per cent. In 1976 car-derived vans accounted for 46 per cent.

In product terms, there must now be a question mark over continued production by Bedford of the elderly HA model now that British Telecom, which has taken thousands of HAs under sola contract over a number of years, is seeking a different vehicle to carry removable mini-workshop containers.

The more modern Chevanne, based on the Chevette car, is officially planned to continue in production after the General Motors parent's new "S" car is launched at the end of this year.

The question, however, must be: how long will it take for GM to follow Ford in producing a van version at its all-new, low-cost S car plant at Zaragoza, Spain, in the same way as Ford builds its Fiesta vans at Valencia?

British Leyland's subsidiary, Freight Rover, hopes for a boost in sales next month from an expanded and heavily modified range of Sherpa light commercials. The new Sherpa aims at improving quality and reliability and to lift sales which slumped by 42 per cent last year while the Japanese share of the light commercial market shot up from 16 to 25.6 per cent. Next year a new vehicle, code-named MT 210, will be launched which will go up to 3.5 tons gross weight

Gloomy outlook for panel vans

JAPANESE PENETRATION of West European market for purpose-built vans of up to 3.5 gross tons stands at just over 17 per cent.

In some countries, mainly those which have no domestic industry to protect, Japanese penetration is over 50 per cent.

Less than four years ago, only about six vans in 100 came from Japan.

Thus while European markets an showing an increasing preference for the purpose-built, or panel, van and forsaking other sectors such as car-derived vans, the long-term growth forecast for the sector is by no means going to benefit European manufacturers.

Ford expects the total West European market for such vehicles to grow slightly this year, by about 5,000 vehicles to 673,000 and reach 690,000 in 1983. By 1990 it believes a level of 747,000 could be achieved, based on past trends.

But not only have the Japanese made inroads in Europe, in the developing world markets, the only ones offering rapid growth, their cost advantages have ben increasingly curtailing European exports.

Consultants DRI Europe see exports of such commercials from the main EEC manufacturers falling from 336,938 in 1980 to 278,658 by 1986. So production forecasts to 1986 make equally pessimistic reading:

West Germany, down from 250,314 in 1980 to 211,038.

France, in a slightly different position because a new generation of medium vans is expected to absorb many traditional sales in the highly nationalistic car-derived van market, nevertheless down from 375,452 to 366,411.

UK, down sharply from 262,759 to 182,387 by 1986.

Italy is expected to show an actual rise, albeit a small one, from 115,935 to 122,725 by 1986, reflecting mainly the launch of Fiat's major project with Peugeot to build a new range of just-launched vans, being sold as the Fiat Ducato and the Peugeot J5. These provide the opportunity more for import substitution — mainly the Ford Transit and Bedford CF—than any major expansion of the market.

The underlying reality the European makers are now facing is that they are going to be left fighting with each other for what effectively will be a dwindling market.

Until last November, the UK was providing the classic example of just how serious the Japanese threat is. The Japanese share of the up to 3.5 ton market had leapt in just 12 months from 16 to 25.6 per cent. A lot of the competition was coming from vehicles for which domestic and Continental makers could offer no direct competitors: one-ton pick-up trucks and the diminutive "microvan."

Sales limited

Using the argument that one Japanese light commercial sold was one domestic light commercial unsold, whatever its type, the UK got its "gentlemen's agreement" with Japan limiting sales to 11 per cent extended to cover the vans sector.

Now the Japanese share is back to 16.4 per cent and will fall further during the year.

Even if mounting protectionism leads to a clampdown in West Germany as well, there remains the question of how Europe will treat the Nissan Vanette medium van. This is due to go into production in less than two years at Motor Iberica in Spain, in which Nissan now holds a 55 per cent stake. The production target initially is modest: 20,000 units a year, using Perkins engines and Iberica gearboxes to meet Spanish content requirements.

But if, after French objections, Spain does accede to the EEC in 1985, Nissan in theory could switch to using its own components and gain unrestricted access to European markets under EEC legislation.

Freight Rover, the BL subsidiary specifically concerned with making medium vans—it is now grouped with Land Rover — in June launched a much revived and expanded range of its Sherpa vans, including four-wheel-drive and electric versions. BL's vans operation was close to extinction after suffering a 42 per cent sales fall in 1980, at the time it was reorganised. It is now well into a £30m investment programme, while its productivity has been substantially raised by a series of draconian measures including a 50 per cent cut in its work force to 1,200.

It is now seeking to build on its UK market share of about 13 per cent, which although placing it second, is far behind the 43.6 per cent taken by Ford's Transit.

The Transit itself, produced mainly at Southampton, is now 17 years old. Ford acknowledges that a replacement code-named Triton, and understood to incorporate a significant amount of plastic components, is on the way. It has given no indications of when, but rumours around the components industry suggest it could come as early as next year. Meanwhile it has started imports of a South African-built one-ton pick-up to challenge the Japanese, who have dominated this sector.

Best seller

The Transit remains Europe's best selling commercial, however, and Ford expects that its 95,337 sales in 1981 will rise to 100,300 by the end of this year.

But in the UK it has been indulging in some major marketing moves to keep it at the forefront, including a specification-raising and price-cutting operation two months ago. The tactics have paid off; its 43 per cent market share compares with 29.6 per cent in 1981.

In West Europe overall, however, Ford is edged into second place by VW, which so far this year has 17.1 per cent of the total market against Ford's 15.4.

Its pricing action, however, was aimed not at the now restrained Japanese but at European importers, notably Mercedes and Renault. Until last year, Mercedes had been missing out on 85 per cent of the UK medium van market by bringing in only diesel versions of its new Bremen vans. It has since increased its share considerably, while Renault has benefited from its entirely new range of Trafic/Master vans in the 2.5 to 3.5 tons range. The vans to date hava been produced at a new plant at Batilly. But now Karrier Motors, the commercial vehicles arm of Talbot in which Renault bought a 50 per cent stake, is considering assembling it at Dunstable as a replacement for the recently phased-out Dodge Spacevan.

Whether it will do so almost certainly depends on it being successful in gaining the large supply contract Dodge has hitherto had with British Telecom.

Meanwhile, Bedford, the commercial arm of General Motors' Vauxhall cars operation, is being sucked deeper into GM's global approach to commercial vehicle manufacture, and this may extend to its British designed and built Bedford CF panel van. The CF's replacement, therefore, could conceivably—like the "world car" concept—share its major components with other GM medium vans produced around the world.

That is certainly one way of getting around sole dependence on the high European costs base (it could even involve Isuzu, in which GM has a 33 per cent stake, and whose one-ton pick-up is sold in the UK badged as a Bedford).

It would be very much in line with the awareness of all Europe's makers that to produce vehicles to cater specifically for national market idiosyncrasies must be regarded as a thing of the past—or a route to commercial suicide.

J.G.

Four-wheel-drive market expands

THE four-wheel-drive market was once strictly for utility workhorses, used as much by the military as anyone. Over little more than a decade, it has changed out of all recognition.

A significant recreational element has crept in, and while Land Rover remains synonymous with the "workhorse" variety, the market has become almost as fragmented as that for cars.

The line between what might be viewed as a 4wd commercial and leisure vehicle has become very blurred. Nowhere is this better illustrated than in the case of the 4wd pick-up truck.

Taking the UK as an example, Toyota's Hi-Lux one-ton pick-up took 9 per cent of the total four-wheel drive market last year. Its cab looks like that of a car and contains car-standard fitments. Its large, open load platform allows it to carry builders' goods or haybales with ease across country. Yet it has also become a "trendy" vehicle perfectly acceptable to be seen in socially.

Daimler-Benz launched sales last year of its joint 4wd project with Steyr Daimler Puch expecting a highly specified version pitched directly at BL's Ranger Rover to sell best in Britain—by implication more to the leisure market than the utility/commercial side. It got things wrong. The basic diesel version has proved the winner.

Despite the difficulties, several other European manufacturers are now probing the 4wd markets, to see in which niches extra sales might be picked up, with, as in so many other sectors, Japanese vehicles providing the main obstacle.

But Freight Rover, the BL subsidiary specifically concerned with making light commercial vans, has been sufficiently encouraged to become the first British volume maker to start production line manufacture of 4wd pick-ups and chassis cabs. They are based on its just-launched revised Sherpa vans.

Freight Rover is now part of the Land Rover group, and the new 4wd vehicle offers a natural complement to Land Rover's established range. The 4wd Sherpa is aimed at public utilities, agricultural and civil engineering industries, and passenger-carrying versions—one obvious use is as crewbuses for large-scale construction sites—are being offered to special order.

Volkswagen also plans to join in, with a vehicle based on the world's single best-selling medium van, the Transporter. Like Daimler Benz, its model is being developed by Steyr Daimler Puch and is likely to be launched in about two years. VW would supply the mechanical and body parts, SDP the special transmission.

The Japanese, however, now lead what at one time was a U.S.-dominated market.

U.S. demand fell

In 1973, the U.S. built twice as many 4wd vehicles as the rest of the world put together. But U.S. demand slumped with the second oil crisis and, by 1980, Japan was building 43 per cent of the world's total output of 840,000 vehicles.

Toyota became the largest producer, making 183,000 vehicles, overtaking Jeep, whose output had by then fallen to 125,700, compared with a historic peak of 270,000.

To put Land Rover in perspective, current output of the group—covering Land and Range Rovers—takes up about 75 per cent of capacity (totalling 85,000 vehicles a year (but which is being expanded).

The Japanese initially used 4 wd vehicles as a device for gaining access to developing world markets, where imports of built-up cars were banned.

This move allowed the Japanese to set up networks through which cars could eventually be distributed—but also allowed them to take the lead in 4 wd output. Their price advantage makes it almost impossible for them to be dislodged, although Land Rover insists that there is some backlash developing against the shorter life of all-steel Japanese vehicles compared with its own aluminium-bodied models.

Next year, however, it is possible that they will find themselves facing more competition in those markets—if plans for an all-new Jeep now being developed pay off as hoped.

Jeep, part of American Motors Corporation since 1970, came under the Renault umbrella as a result of Renault taking control of AMC to develop its U.S. car and truck sales.

This has given Jeep the backing needed to bring to the market next year a much lighter and more economical model than previous six and eight cylinder versions. It is aimed not only at reviving demand in the U.S., but to take on Japan in all world markets.

Inevitably, that also means its sale in Europe through Renault's extensive dealer networks. Conversely—and particularly now that the sterling-dollar ratio has become more favourable—Land Rover is seriously considering putting the Range Rover into the U.S. through BL's Jaguar cars network. The case for doing so will be strengthened in a few months time when the first automatic Range Rovers, expected to use the Chrysler Torqueflite transmissions, are due to appear.

Both Ford and General Motors are also planning lighter weight, more fuel efficient versions of their 4-wd products. Their "downsizing" to allow the use of new-generation small displacement engines means that they, too, will be taking on Japanese imports virtually head on, with possible exports to Europe and elsewhere.

Back in Europe, the one major development of the past year has been the project to build the Nissan Patrol 4wd in Spain as a result of Nissan taking a 35 per cent stake in Motor Iberico.

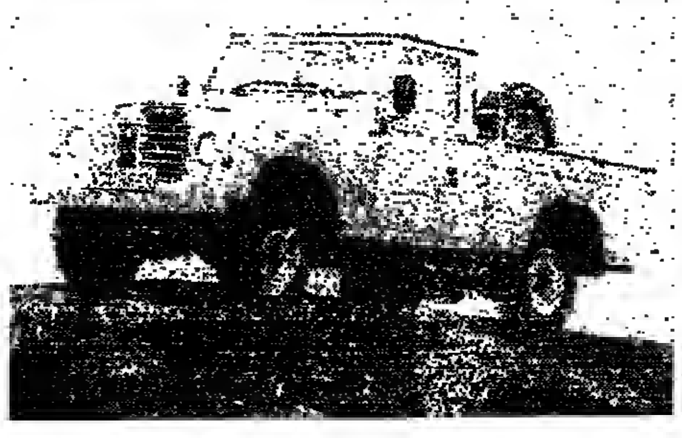
Output of 20,000 vehicles a year is planned, two-thirds of them for export. The implications for greater penetration of the European market, presuming Spain manages to overcome French hostility to its accession to the EEC, are obvious in that they would not be subject to current constraints on direct Japanese imports.

And in Spain itself, they now compete head on with Land Rover production under licence at Metallurgica Santana, in which Land Rover has a 49 per cent stake. Yet Santana has also been talking with Suzuki about building the latter's LJ-80 mini four-wheel-drive utility vehicle. An agreement is expected this year. Suzuki would not compete with Land Rover, however: its engine capacity is only 800 cc and its pay load much smaller.

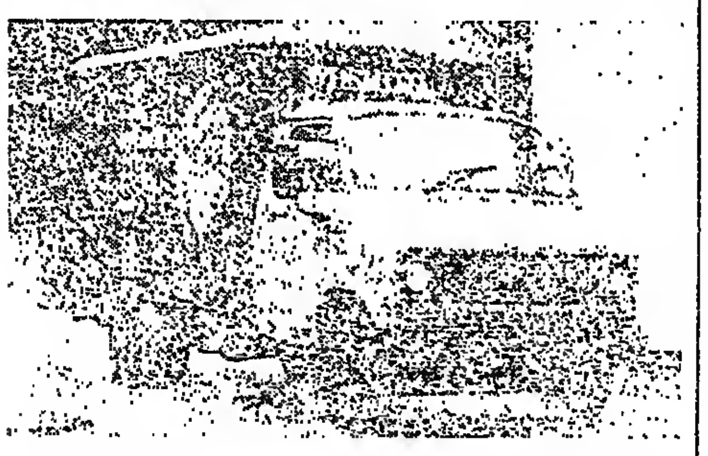
All this activity—Land Rover itself plans to launch a virtually all-new Land Rover next year and promises "a steady stream" of further models—means that the chances of total 4wd output growing considerably are good.

AMC's own estimate is that by 1986 it could reach between 1.9-2m, compared with 1.2m in 1980.

John Griffiths



The Land Rover high capacity pick-up



The Dodge 50 series light commercial range offers vans and chassis cabs from 3.5 to 7.5 gross tonnes. This is a 5.6 tonnes S56 chassis cab with box van body

More emphasis on fuel-saving devices

FUEL ECONOMY continues to be a major pre-occupation of van and truck manufacturers since potential savings have become an important part of the sales approach of most suppliers at a time when incentives are a vital part of selling.

However, the scope for significant reductions in fuel consumption is now fairly limited and most manufacturers have followed similar paths in achieving them, notably through modifications to truck engines and improving aerodynamics. Longer term prospects are better on both fronts.

Virtually all British truck manufacturers now offer the option of turbocharging on medium and heavy vehicles, usually increasing engine output by a limited amount but at the same time reducing fuel consumption by up to around 10 per cent in optimum conditions.

Bedford points out that the additional cost of a turbo-charged engine, perhaps around £400 on a 7.5 tonne vehicle which may cost £10,000, is a relatively small price to pay and will be recovered relatively quickly through lower fuel costs.

The company offers turbo-charged options on all its diesel engines, and points out that it has the additional advantage of reducing engine noise. So far, aerodynamic improvement relates mainly to wind-spoilers on trucks, but Bedford and others are doing experimental work to tidy up air-flow around vehicles, with the additional advantage of reducing sidespray.

Inter-cooling and other means of improving combustion efficiency are also being used by a number of manufacturers such as Leyland Vehicles, as are road-speed governors and air throttles, which back the throttle off when a desired speed is reached.

Another popular device is the matching of transmissions to the kind of use an operator is likely to have for his vehicle, improving operating efficiency, but the most important savings are likely to come from the development of electronic engine controls which are under development by a number of companies in the UK and abroad.

A relatively unsophisticated system of this kind has been fitted to BL Freight Rover's O series engine on the Sherpa van which producers a leaner fuel mixture when the vehicle is cruising. BL has also improved its casting techniques on the engine to produce more consistent fuel consumption characteristics.

Attempts have also been made to cut warm-up fuel consumption by means of special plugs, while an LPG powered version of the Sherpa is said to offer a 20 per cent reduction in running costs. A number of these improvements are likely to be adapted for use on BL cars.

Dodge has introduced various fuel saving incentives on its 50 Series, and will soon offer revised rear axle ratios to provide more economical gearing. On its heavier Commando range, a new Perkins engine is to be introduced soon, again with a variety of economy options.

Diesel engines in smaller vehicles continue to offer only limited savings due to the comparatively small difference between petrol and diesel prices compared to continental Europe, while a number of manufacturers such as Leyland Vehicles, and Dodge have electrically powered trucks in various stages of acceptance in the market place.

Overall, the drive towards economy within the industry is now well under way and recent research work is coming to fruition, but it is clear that electronics is the key to significant breakthroughs in future.

Lorne Barling

Demand holds for medium trucks

DEMAND IN Britain for commercial vehicles in the 3.5 to 7.5 tonne range has suffered less severely in the past year than other sectors of the market, probably due to the all-purpose nature of trucks such as these.

Major manufacturers have long been aware of the strength of this middle segment of the market, due to the necessary replacement of everyday delivery vehicles, and competition has also been intense.

Ford's Cargo medium truck, introduced last year, was its most important launch since the Transit van 16 years ago, and Ford now holds 42 per cent of the 3.5 to 7.5 tonne market in the UK, followed by Dodge with 17 per cent, Bedford with 14 per cent and Leyland Vehicles with 10 per cent.

Ford's growing strength in the European market is unlikely to be challenged for some time, but General Motors now has a new management team in place to organise the design and manufacture of a "world truck" along the lines of the "world car."

Although less difficult than car production of this kind, with components being manufactured in large quantities in various parts of the world, the eventual profits from world wide sales are potentially very great.

Major role

GM's Bedford subsidiary in the UK with its long marketing experience, has been entrusted with commercial vehicle development in Europe and is likely to play a major role in this programme. However, the varying regulations, truck weights and requirements in European countries are likely to prove a major obstacle.

Bedford offers its TL model, introduced two years ago, in this weight sector, and also the older Bedford TK which has now been overtaken in sales volume by the newer truck. It is recognized that it will be some years before a "world" model will be on the market, and this is expected to be at the lighter end of the commercial vehicle spectrum.

Dodge, jointly owned by Peugeot of France and Renault Vehicles Industriels, is also strong in this sector of the market, deriving a high proportion of its British sales from the Dodge 50 Series, which has a wide variety of vehicle weights. Within the lower half of this sector, Dodge claims to be the market leader and is optimistic about signs of improvement in demand.

The number of recent registrations has been distorted by a Ford sales campaign, but there are indications of an improvement in the underlying trend, particularly from rental companies meeting the short-term requirements of industry.

However, forecasts that there would be a substantial recovery in the UK market this year are now discounted, and it is likely, according to Ford, that registrations will not exceed those of 1981.

Leyland Vehicles, now the smallest UK supplier to this section of the market, offers two versions of its Terrier range under 7.5 tonnes, and clearly looks forward to a replacement planned for 1984 to restore its position.

Leyland points out that this is a sector of the market where it must have a strong presence, since it accounted for one in three of all UK truck sales last year.

L.B.

VANS AND LIGHT TRUCKS IV

BL and Ford have two newcomers for the peak sales season, says **Kenneth Gooding**

Cashing in on the August boom

THE U.K.

BRITAIN'S LIGHT commercial vehicle market has been enlivened during the past month by two important introductions —one by BL and the other from Ford, timed neatly to coincide with the peak sales season.

Buyers of light commercials, rather like private car buyers in Britain, are influenced by the arrival of the new registration letter in August — this year it is "Y" — and often delay purchases until they are entitled to the new suffix.

And it was particularly important for Ford to get its newcomer on sale by August because the new vehicle is a one-tonne pick-up, the P100. Around one-quarter of the total annual sales in Britain of this type of commercial vehicle take place in August.

BL's contribution comes from the Freight Rover subsidiary in the form of a much expanded and heavily modified range of Sherpa light commercials.

Freight Rover came close to being killed off last year, but is being nursed back to health with the help of a £30m investment programme.

The money was partly spent on a replacement for the eight-year-old Sherpa van range and will be completed next year when a new vehicle, code-named the MT 210, will be launched. This will go up to 3.5 tons gross weight and plug the gap between the existing Sherpas, which end at 2.5 tons, and the Leyland Vehicles' trucks.

Launch postponed

The new Sherpa was due to be launched in November but the recently appointed managing director at Freight Rover, Mr Tony Gilroy (previously manufacturing director at Austin Rover, BL's car business) pulled forward the date to capture sales during the August boom.

Freight Rover was separated from Austin Rover 20 months ago, when there was a major overhaul of operations at the Solihull plant — including the installation of a £10m paint plant — and productivity pushed up by one third. Unfortunately, this involved cutting the workforce by half, to 1,200.

With the help of the heavier MT 210 next year, Mr Gilroy expects to double output by mid-1983 to 600 a week.

Already, Freight Rover has halted what promised to be a fatal decline. Last year the total

The Ford one-tonne pick-up based on the Cortina is manufactured in South Africa

light commercial vehicle market (excluding car-derived vans) in Britain fell by 17 per cent to 98,700 but Sherpa sales slumped by 42 per cent.

Mr Gilroy attributes the poor performance to two main factors: a past reputation for poor quality and reliability (put right with the new Sherpa) and increased penetration by Japanese vehicles.

The Japanese share of the light commercial market last year shot up from 16 to 25.6 per cent, causing an outcry from the UK-based manufacturers.

Light commercials provided the main topic at last year's meetings between the Japanese Automobile Manufacturers Association (JAMA) and the UK Society of Motor Manufacturers and Traders (SMMT).

After some tough talking, the Japanese agreed to be just as "prudent" in their approach to the light commercial market in Britain as they had been (since 1975) in the car sector. This was understood by the British to mean that in 1982 Japanese penetration of the light commercial market would come down to between 10 and 11 per cent.

The decision by their suppliers has dismayed the Japanese vehicle importers who face the prospect of having their commercial vehicle allocation cut by half this year from the 1981 level.

The Japanese argued that many of the vehicles they were exporting to Britain filled gaps in the market for which there was no European competition. They pointed, in particular, to the micro-vans and the one-ton pick-ups.

However, in the past year or so the Japanese switched attention to more-conventional panel vans on which there is more profit to be made. And this brought them into head-on competition with locally produced Ford Transits, BL Sherpas and Bedford CFs.

Ford has fought back by "re-aligning" the prices and specifications offered on the Transit, Britain's best-selling commercial. This process involved cutting prices slightly and improving the specification of the Transit interior to bring it more into line with the Japanese product.

The Ford move was also designed to combat the growing penetration in Britain of Mercedes light vans which have been given an extra boost by the addition of petrol-engined versions to go with the diesels.

Ford also decided to take on the Japanese in the one-ton pick-up business. To do so it has turned to its subsidiary in South Africa which manufactures a pick-up based on the Cortina and incorporating Ford's widely used 1.6-litre Kent engine.

Pick-up boom

Ford reckons that one-ton pick-up sales in Britain have reached a level which makes the sector impossible to ignore. But demand was not great enough to justify local production.

UK sales of one-ton pick-ups rose from 7,171 to 9,906 last year — the only part of the car or commercial vehicle market to show any advance.

Ford expects to sell 4,000 of the P100 pick-ups in a full year and take about one-third of total sales.

The group thought hard and long about where it should source the pick-up because it has good relations with the Japanese group, Toyo Kogyo, in which it has a 25 per cent stake and which has been supplying pick-ups to Ford in the U.S. for many years.

Ford's main rival, General Motors, decided two years ago to use its Japanese associate, Isuzu (33 per cent owned), to provide pick-ups for Europe. The vehicles arrive fully built-up in Britain, complete with the Bedford badge with which they are sold.

Bedford is the commercial vehicle subsidiary of Vauxhall, in turn owned by General Motors, and as such will be heavily involved in GM's "world truck" project.

GM will use the talents and facilities of its North American subsidiaries, including Chevrolet of GM do Brasil, as well as Bedford and Isuzu to develop components which could be shared in commercial vehicles produced in any part of the world.

According to Mr John Fleming, Vauxhall's chairman, a purpose-built van to replace the Bedford CF (last face-lifted in September 1980) and a medium-weight truck of between 7.5 and 16 tonnes are being considered for this GM "world truck" project.

Britain's other producer of light commercials, the former Dodge company, was acquired by the Peugeot group when it bought Chrysler's European operations, subsequently renamed Talbot.

In April last year Peugeot sold half Dodge to its French rival Renault which took over management control of the joint company, now called Karrier Motors.

Karrier has been restructured by the new management. But Mr Laurent Brisset, chairman, says the UK Government has been given an informal undertaking that the existing manufacturing facilities at Dunstable and the other interests will be developed and expanded.

Much depends on Karrier's ability to replace the business lost when the 22-year-old Dodge Spacevan went out of production in March. Karrier is among the contenders (with Freight Rover and Ford) for the British Telecommunications light van contract, a decision which is expected in the autumn.

Renault has introduced on the Continent the Master-Trafic van range which would be suitable for Telecom use and there are suggestions that, even with out the contract, the Trafic will be produced at Dunstable if demand is great enough.

All the extraordinary marketing activity so far this year—Ford had a Transit promotion for dealers followed by the price re-alignment; BL dealers were financially encouraged to sell off the remaining old Sherpas quickly; and the disappearance of so many Japanese vehicles—have distorted light commercial sales considerably.

The Society of Motor Manufacturers and Traders provides a consensus of opinion, however, and estimates that light commercial sales—up to 3.5 tons gross weight, including car-derived vans—will move up from 170,000 last year to 178,000 in 1982.

On the production front, DRI Europe, the former Economic Models group, forecasts that UK production of vans up to 3.5 tons (excluding car-derived) this year will be about 185,500, compared with 156,200 in 1981. Of that output, DRI estimates that 105,300 will be sold in the UK and the rest exported.

The forecasters suggest next year's van output will rise to 198,700 of which 119,100 will be for the home market.

UK REGISTRATIONS BY MANUFACTURER

	Car-derived vans 1981	Car-derived vans 1980	Non-car-derived vans 1981	Non-car-derived vans 1980	Light 4 x 4 vehicles 1981	Light 4 x 4 vehicles 1980
BL:						
Aust. Morris (GB)	17,899	24,728				
Fr'ght Rover (GB)			8,540	14,702		
Total BL	17,899	24,728	8,540	14,702		
Daihatsu (J)			1,571	941	1,183	1,595
Datsun (J)	1,254	1,654	5,888	5,900		
Fiat Auto (I)	2,230	1,095	577	775		
Ford:						
Ford (GB)	18,762	23,567	32,490	46,850		
Ford (E)	3,303	2,806				
Ford (NL)			3	2		
Total Ford	22,065	26,373	32,493	46,852		
General Motors:						
Bedford (GB)	10,437	14,492	12,196	14,940		
Bedford (J)			1,640	795		
Opel (D)	314	246				
GM others	1		126	154		
Total Gen. Mtrs.	10,752	14,738	13,962	15,889		
Honda (J)	1	5	4,031	3,365		
Jeep (U.S.)					157	147
Man/VW (D)			3,774	4,938		
Mazda (J)			3,881	1,751		
Mercedes Benz (D)			3,123	2,126	91	
Mitsubishi (J)			2,133	1,200		
PSA:						
Dodge (GB)			5,193	6,665		
Dodge (F)	1,424	2,799				
Dodge (E)						
Peugeot (F)	795	426	767	1,104		
Total PSA	2,219	3,225	5,960	7,769		
FSO (Pols. Fiat) PL	322	597				
Renault (F)	1,165	1,599	1,531			
Subaru (J)			240		1,827	1,229
Suzuki (J)	60	876	1,286		1,012	727
Toyota (J)			4,621	5,090	999	888
Vag (VW) (D)	611	1	4,896	6,609		
Others (GB)	15	15	83	164		
Others (imported)	1	6	116	190	277	335
Total British	47,113	62,802	58,502	83,321	5,666	6,824
Total imported	11,481	12,110	40,204	34,940	5,546	4,921
Total	58,594	74,912	98,706	118,261	11,212	11,745

Source: Society of Motor Manufacturers and Traders.

The Renault Trafic van: part of the Europeanising trend to compete on the same ground as Volkswagen, Mercedes and Ford

Small van market stays buoyant

FRANCE

FRANCE'S small-van market, one of the few buoyant sectors of the motor industry in 1981, is showing continuing signs of growth this year. Manufacturers expect this early acceleration to slow down in the next six months. But they still believe the total market for vehicles of up to 5 tonnes will come out at around 290,000 units, about the same as last year.

The liveliness of the small-van market presents a marked contrast to the deep slump that has hit France's heavy truck sales. But this is partly explained by the difference in the economic factors influencing the two sectors. Whereas big trucks are continuing to suffer from the underlying weakness of the economy, vans benefited last year from the boost to consumption given by tha Government's injection of spending power. Retail commerce—a sector which has a leading impact on van sales—is still enjoying the effects of this boost in demand.

The variety of new prodncts that have come on to the market recently has also played a part in boosting French demand. With the latest range of products, Renanlt and Peugeot have caught up with the small-van trends elswhere in Europe, abandoning some of their idiosyncratic styling tendencies, and developing vehicles deliberately aimed at competing on the same grounds as Volkswagen, Mercedes and Ford. The Renault Trafic and Master series, and the Peugeot J5 and J9 are all part of this Europeanising trend—indeed, the J5, sold by the Citroen branch of Peugeot as the C25, is produced jointly with Fiat in Italy.

Foreign pressure

At the same time, the market has been stimulated by the continuing pressure from overseas prodncers. The modern range of vans that emerged from Mercedes, Ford, VW and Fiat in the late 1970s, combinad with the development of their sales networks, have all brought pressure to bear on the French manufacturers. Japanese competition, based more strongly on price, has also made an impact, although falling hack last year and in the early months of this year.

The net result of this push by importers was a 7 per cent rise in the registrations of foreign produced vans of up to 3.5 tonnea from 42,400 in 1980 to 45,400 last year. The West Germàns, aided by the undervalued D-Mark, and the hig development in the Volkswagen network following the Talbot reorganisation, made a particularly large incursion: Volkswagen sales, for example, rose from 6,700 units to 10,590, and Mercedes' from 5,098 to 6,316.

The push by importers is still continuing. Indeed, it has intensified this year at the expense of the domestic manufacturers. Over the first quarter, importers' sales in the sector up to 3.5 tonnes rose by almost 18 per cent from 10,800 units to 12,700, with Ford, Fiat, Mercedes and VW all registering substantial advances.

Most of these gains by the importers look as though they may be permanent. Foreign-made vans account for about 17 per cent of the total market, compared with abont 14 per cent three years ago, and the main marques now have strongly entrenched distribution networks. French customers have clearly made an important psychological switch in the past few years, which will make it extremely difficult for the home-based manufacturers to pull back to their traditional levels of market penetration.

The French producers have to some extent compensated for this invasion by pushing up their own exports. The new Renault and joint Peugeot/Citroen products are designed, like the Volkswagen Transporter and Mercedes 207 vans, as pan-European products, and they are gradually being introduced to overseas distribution networks.

These moves have still to make their mark, because the vehicles they replaced were not conceived as exportable products, and the export effort, with all that implies in terms of developing the distribution system, is still in its infancy. But according to the French Manufacturers' Association, exports of vans of up to five tonnes increased by 2 per cent to 43,000 units in the first four months of this year, despite the depression in the European market as a whole. About 40 per cent of the Renault Master range is already sold overseas, about the same percentage as the ageing, but still popular R4 car-derived fourgonette; exports of the Trafic, accounting for only about 25 per cent of production, are still at an early stage of development.

These figures are expected to climb now hoth of the French manufacturers have filled out their range of vans and have a full portfolio of products to offer overseas clients. Renault, with the small R4 fourgonette, the Trafic in the two- to three-tonne range, and the Master in the 3- to 3.5-tonne sector, is facing the Peugeot group and its own range of car-derived vans, the newly-introduced J5/Citroen C25 (2 to 3 tonnes) and J9 Citroen 35 (3 to 3.5 tonnes) range. With these products, and a widely spread range of petrol and diesel engines, the French manufacturers are preparing to strike back at their West German competitors in their own market.

Output declines

Despite this modernisation of the range and the development of exports, however, French manufacturers have seen their production decline this year. Over the first four months, output of vans up to 5 tonnes dropped by almost 9 per cent from 129,300 units to 118,000, partly due to industrial troubles but partly to the compensating growth in production for overseas assembly. Kits for overseas markets expanded from 18,800 units to 35,700 in the first four months of this year. Domestic French production will henefit only indirectly from the new Peugeot J5/Citroen C25 range, which is made in Italy, although the French companies manufacture some of the parts for the van.

By the end of this year, the French producers believe their production will have recovered to leave them only slightly down on last year. This forecast suggests that imports will be pushed back a little during the next six months. Indeed, the devaluation of the franc against the D-Mark will undoubtedly help the French producers compete more effectively on price with the West German manufacturers, who in the first four months accounted for about half of France's van imports.

Nevertheless, the importers' penetration is unlikely to be much less than 16 per cent. The lion's share of the rest is expected to remain in the hands of Renault, which accounts for abont 46 per cent of the market —slightly more than with its cars. The Peugeot group will pick up the remainder, with Peugeot itself accounting for some 15 per cent, Citroen slightly more, and Talbot about 3 per cent with its car derived 1100 range and the Ranchos.

Terry Dodsworth

ITALY

Fiat pins hopes on Ducato range

THE FUTURE of Italy's light commercial vehicle industry is probably best examined just inland from the Adriatic coast, a little to the south of the resort city of Pescara. There, in the valley of the River Sangro, production started last October at the brand new facility of the Sevel concern, jointly owned by Fiat, Italy's higgest motor group, and Peugeot/Citroen of France. The highly automated plant, when it is fully on stream, will produce 80,000 units a year of the Ducatn van, aimed at the key middle section of the light commercial vehicle market, covering vans with a load capacity of hetween 750 kg and 1.3 tonnes.

The Ducato is the central element in Fiat's bid to reinforce its position as market leader for the industry in Italy, ahead of its traditional foreign rivals Bedford and Ford taking the sector as a whole, comprising vans and light trucks with a capacity ranging from as little as 450 kg to 1.8 tonnes, total sales in Italy in 1981 reached 115,300, of which Fiat's share was 41 per cent.

Disparities

This figure, however, masks striking disparities. The group's performance in the lightest segment of the market (up to 750 kg), with its 127-derived Florino, Marengo and 900E Family gave it a 78 per cent slice of the sales total. But for the intermediate sector the proportion drops to 21 per cent —well behind the leader Ford, with 38 per cent—only to increase again to 27.3 per cent in the segment covering vans with a capacity of between 1.3 and 1.8 tonnes. The signs are that the Ducato, offered in three engine versions (one diesel and two petrol driven of 1,000 and 1,300 cc) is starting to make useful inroads.

The vehicle will be sold not only in Italy under the Fiat marque but in France under those of Peugeot and Citroen. Within Italy Fiat's own six models in the category — the Marengo, Florino, 900E, 242 and 238 — are available in all 80 versions. They lifted their share of the total domestic market to 53 per cent in January compared with around 36 per cent in the last few months of 1981.

Total European sales (excluding Spain) of this group of vehicles, all broadly derived from the car family and under the responsibility of the concern's car subsidiary Fiat Auto, reached approximately 75,000 units, equal to 7.7 per cent of the European market, roughly the same as in 1980. Thanks in part to the good reception of the Ducato sales climbed to 27,000 units in the first four months of 1982 and Fiat is optimistic that the progress can be maintained. Overall a 4 per cent enlargement of the market is on tha cards for 1982, as the national economy continues to show remarkable resilience.

On top of this Fiat offers, through its Iveco industrial vehicle subsidiary, the range of "daily" light trucks, with payload capacity of between 1.5 and 2.5 tonnes. Although output of this latter category declined last year, to 19,568 units from 22,435 in 1980, the Turin-based group managed to lift its share of a declining overall West European market to 10.4 per cent from 9.8 per cent. In Italy, on the other hand, its share dropped slightly to 48.1 per cent from 9.8 per cent. In previous year.

All this puts Fiat in a completely different league from Alfa Romeo, the only other domestic producer in Italy of light commercial vehicles. The modest output of the country's second vehicle group is headed by a specialist subsidiary Arveco, based at Pomigliano d'Arco close to Naples, the plant responsible for the state-controlled group's Alfasud range of vehicles.

Last year was one that Arveco will probably want to forget. Although it ended with a tiny profit of L138m (compared with a parent company loss of L97bn) and sales of the division showed a slight gain to L89bn from L83bn in 1980, events outside its control played havoc with its plans.

The aftermath of the November 1980 earthquake severely disrupted operations for the first few months of the year, while the French Renault group significantly cut back orders for diesel engines produced by Arveco. As a result only 1,000 of its LR-8 and F-12 commercial vehicles were sold and the 1,700 workforce suffered a total of 100,000 hours of enforced state-subsidised lay-off during the year, Arveco is hoping that in 1982 the gods will be kinder.

Rupert Cornwell

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The Ford value for money programme now includes the Transit, and by value for money we mean more value for less money.

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Transit starts delivering the goods with the Popular 80 at just £3,955.* Yet that price includes passenger seat, inertia reel seat belts, laminated screen, steel braced radials and front disc brakes.

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Prices from

£3,955*

*All prices quoted are maximum retail prices, excluding VAT, number plates and delivery.
‡Effective Savings are on 100 van models only, and are a comparison of today's maximum retail price with the price on May 19, 1982 of a similarly equipped vehicle. All payloads quoted are nominal. For full details, see the May 1982 Ford Transit brochure, reference FB661.

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Effective savings on Custom 100 vans from £562‡ to £910‡

For more information about the Ford Transit, please write to: Dept. FT1, Ford Motor Company Ltd., Freepost, Cirencester, GL7 9BR, advising type of business.

VANS AND LIGHT TRUCKS VI

Volkswagen has been priced out of some sectors of the U.S. market and hit by keen competition, says **Kevin Done**

Slump in domestic construction industry felt in sector

W. GERMANY

RECESSION IN the major West European markets, continuing high interest rates and the squeeze on public spending in the Federal Republic are combining to depress severely the fortunes of West German manufacturers of light commercial vehicles.

Leading producers have been forced to impose prolonged periods of short-time working at a time when foreign competitors, particularly the Japanese, are making increasing inroads into their traditional markets as well as opening up new market segments where the domestic German producers are barely represented.

Production and sales fell heavily last year and manufacturers still see little sign of any recovery in demand. Makers of heavy commercial vehicles have found some compensation in overseas markets, particularly in the oil-producing countries, but exports have offered little relief in the light commercial vehicle sector.

Production of light commercial vehicles up to 6 tonnes in West Germany fell by 23 per cent last year to 144,540 units compared with 157,227 in the previous year. Output in the medium weight class of 6-12 tonnes also dropped by 9.9 per cent to 54,007 vehicles. Only heavy truck production showed an increase largely because of the strength of export orders.

The drastic slump in the construction industry in the Federal Republic has been mirrored in plunging sales of commercial vehicles — particularly heavy trucks—but light commercials have been hit too. High interest rates and weak demand for transport and haulage services have depressed investment in new vehicles.

Increasing demand for spare parts suggests strongly that fleet operators in the Federal Republic are choosing to run vehicles for longer periods, further cutting new orders for the two big West German light commercial vehicle producers, Volkswagen and Daimler-Benz.

New registrations of commercial vehicles in the weight classes up to 6 tonnes fell by 13 per cent to 83,121 vehicles last year, and producers have suffered further serious setbacks in 1982. In the first quarter this year new registrations of commercial vehicles in the class up to 6 tonnes plummeted by a further 24 per cent according to the Federal Motor Vehicle Office to only 17,088 units.

The hopes of an up-turn in the West German economy in the second half of 1982 are fading fast virtually ruling out any significant recovery in demand. The latest survey of business opinion carried out by the authoritative Ifo Economics Institute indicates that West German industrialists have become more gloomy about business prospects over the rest of the year—not least because they fear a downturn in export demand.

Commercial vehicle manufacturers figure prominently among industrial producers who are becoming most concerned about the levelling off of new export orders, while at the same time seeing little sign of an upturn in domestic activity.

Hardest hit is Volkswagen which last year suffered a fall in output in West Germany of light commercial vehicles in the class of 2-4 tonnes of 28 per cent to only 78,804 units from 109,743 vehicles in the previous year. Domestic production in the weight class 4-6 tonnes dropped to 1,909 units from 2,421 in 1980.

Joint venture

Volkswagen's experience with MAN in the joint venture production of medium-sized trucks in the 6-9 tonnes class has also been hard hit by falling demand and only 1,885 vehicles were produced in this class last year compared with 3,012 in 1980. The joint company set up in 1978 to represent the two groups' sales interests in foreign markets has also run into problems. The earnings of importing companies in several of the European volume markets were hit by the economic recession, with the result that VW/MAN expenditure on promoting foreign sales exceeded the return on investments forcing the company into losses which had to be picked up by the parent concerns.

Volkswagen's Hannover-based commercial vehicles plant presents the automobile group's biggest domestic problem, and VW has been forced repeatedly to lay workers off on short-time working this year in order to cut back production. In the first half of this year the assembly lines have already stood idle for 26 days and the company has reached agreement with the workforce for an additional 15 days short-time working in the second half of the year.

About 15,000 production workers of VW's 21,000 Hannover-based workforce are hit by the stoppages and by the end of the year as much as a fifth of the plant's potential production will have been lost.

Production of VW light commercial vehicles was down to a daily rate of only 820 in April this year compared with a daily output of 910 in 1981 and a peak of 1,100 in 1972. The company's market share in the Federal Republic is also slipping, a factor which is further exacerbating the general fall in sales.

Volume sales of its main light commercial vehicle, the Type 2, fell to 61,300 in West Germany last year from 66,300 in 1980, with market share declining to 60.6 per cent from 63.5 per cent in the previous year.

Sales of the heavier LT range in the 2.8-4.5 tonnes class fell in the Federal Republic to 6,900 from 9,700 in 1980 dragging down VW's market share in this class to 25.2 per cent from 29.2 per cent a year earlier.

Since the beginning of 1982 the position has worsened. Deliveries to customers of the Type 2 vehicle—in the weight class up to 2.4 tonnes—have dropped by 24 per cent in the first five months of 1982 to 22,094 units, while domestic sales of the LT range have fallen by 22.4 per cent to 2,873.

VW's predicament has been eased slightly by considerable export gains in West European markets in the first half of the year. It is fearful that the recent realignment of currencies within the European Monetary System, which has cut the competitiveness of West German exports in major markets such as France and Italy, will also hit sales abroad, however.

It has already suffered substantial structural shifts in light commercial vehicle exports with sales in the U.S., once its most important market, falling sharply. About 30 per cent of Type 2 production, or some 30,000 vehicles were exported to the U.S. in 1972, whereas 10 years later the U.S. accounted for less than 10 per cent of output, or 10,900 vehicles.

Volkswagen has been priced out of some sectors of the U.S. market, but it has also been hit by the penetration of other manufacturers, particularly from Japan.

Increased inroads

Japanese light commercial vehicle makers have also been making increasing inroads into the domestic West German market, repeating the success achieved in the German car market. Last year when the general market was contracting Japanese importers still increased by nearly a half their light commercial vehicle sales in the Federal Republic to 6,600 units.

The Japanese achieved a share of more than 4 per cent of total commercial vehicles sales in West Germany last year compared with 2.5 per cent in 1980. In the class of vehicles up to 6 tonnes their share climbed to 8 per cent compared with only 4.7 per cent a year earlier.

Japanese manufacturers have also notched up considerable successes in other European markets, further increasing competition for West German vehicle exports. Shipments of light commercials from Japan to member states of the European Community rose from 15,000 in 1975 to 112,000 in 1980 and 145,000 last year. In West Germany their export drive began later, but here too it has gathered pace with deliveries climbing from just 59 vehicles in 1975 to 24,000 in 1980 and 39,000 in 1981.

Although it is not hit quite so directly by Japanese imports Daimler-Benz, the other major West German maker of light commercials, has also suffered considerable setbacks from the prolonged recession in the West German and other European markets.

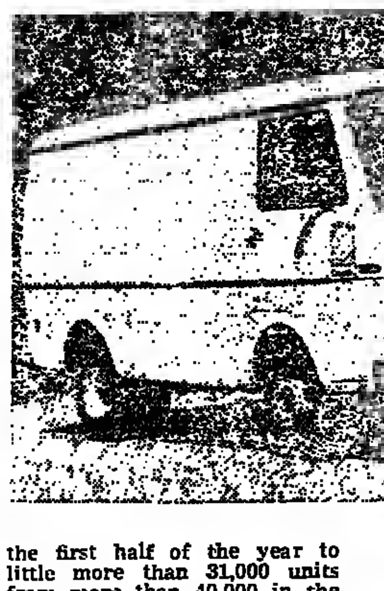
With a domestic market share of about 20 per cent for vehicles in the 2-4 tonnes range and of more than 70 per cent in the 4-6 tonnes class, Daimler-Benz has been forced to reduce production by 22 per cent in the first half of the year to little more than 31,000 units from more than 40,000 in the same period last year.

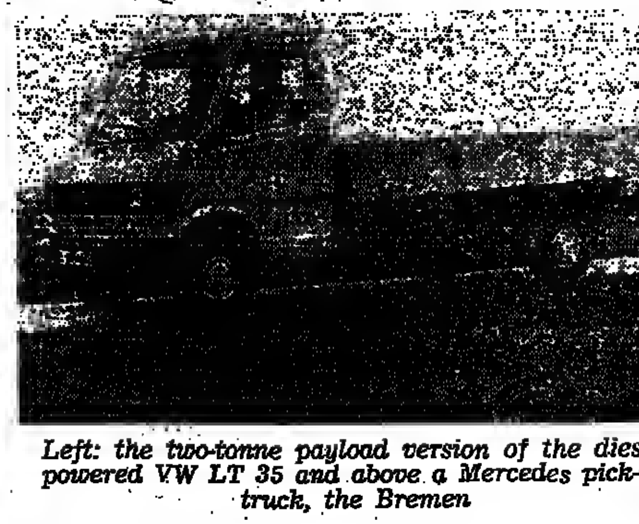
Continuing strong demand for its range of prestige Mercedes-Benz cars, where its plants are running at full capacity, and continuing high sales of heavy trucks in overseas markets has allowed the concern to avoid short-time working in its light commercial vehicle plants in Düsseldorf and Bremen, however. In some cases work has been switched to these locations from other plants, or else workers have been transferred to other more successful operations within the group.

Daimler-Benz is in the process of concentrating all its light commercial vehicle assembly operations at the Düsseldorf plant with the gradual transfer of production from Bremen, which is being turned into a second car assembly centre to complement the main works at Sindelfingen, near Stuttgart.

Volkswagen meanwhile is trying to breathe some life into its domestic commercial vehicle operations with a far-reaching re-structuring of its sales activities in West Germany. On the retail level it is establishing a new division in the Federal Republic which will be solely responsible for commercial vehicle sales.

Special dealerships are being set up to concentrate exclusively on this business with salesmen and mechanics being trained solely for commercial vehicles sales and service.





Left: the two-tonne payload version of the diesel-powered VW LT 35 and above a Mercedes pick-up truck, the Bremen

Japan's impressive advance in European exports may have to slow. Kenneth Gooding reports

Light commercials face more protectionism

JAPAN

JAPAN is promoting commercial vehicle exports as vigorously as car exports. The drive will focus mainly on those Western countries which have their own commercial vehicle manufacturing industries.

Hedged in by various protectionist measures against cars in the world's major markets, the Japanese sought relief through the commercial vehicle sector which is not covered to the same extent by limitation agreements like those which exist between the Japanese industry and the U.S. and many European countries.

Between 1977 and 1980 Japanese output of commercials jumped by 30 per cent or 920,000 units to just over 4m. The rate of growth had to slow in the face of world-wide economic problems last year but still rose to 4.2m.

To put that into context, last year the U.S., in what admittedly was a poor production year, turned out only 3.3m commercials.

The vast majority of the Japanese products are in the light commercial category and around half are exported.

Japan's commercial vehicle exports have risen by 54 per cent, or 756,000 to 2.15m in the four years to the end of 1981.

A recent forecast by Automotive Research and Management (ARMC) in its International Automotive Review, suggested that Japanese commercial exports would reach 2.4m next year.

"Considerable further growth can be expected in the years ahead unless protectionist pressures increase to the extent of frightening the Japanese manufacturers into voluntary "discretion" or "prudence" when indigenous Western commercial vehicle manufacturing nations are concerned," ARMC stated.

Major surge

There are some signs that protectionism against light commercials is growing, however. The UK motor industry, for example, forced its Japanese counterpart to ease back on shipments to Britain this year after a major surge in the Japanese market share. The Japanese "volunteered" — but only after some tough talking—to cut back shipments by about half in 1982 from last year's level.

But, by virtue of their low production costs and the relatively undervalued Yen, the Japanese have all but ousted the European manufacturers from the light commercial vehicle markets in countries without their own indigenous industries.

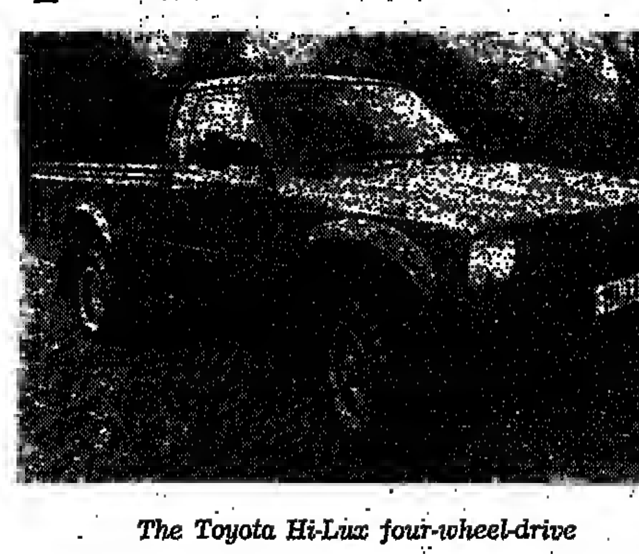
The West Germans in particular have been suffering badly. DRI Europe, the economic forecasting group, pointed out in its latest European Truck Forecast Report that the Japanese are contributing to a "serious contraction" of business for the German light commercial vehicle producers.

Volkswagen has borne the brunt of the Japanese incursion into the European markets, along with Ford, the report added—"and it is likely progressively to produce a larger proportion of its commercial vehicle output outside the high European cost base."

DRI insists that "even in the free trading German industry concern is mounting and the influx of Japanese commercials is likely to become a more pressing issue in 1982 than the presently spent challenge of Japanese car imports."

All European manufacturers of light commercials will increasingly be confined to European markets as the Japanese dominance of the few but fast-growing developing world markets has been established.

"Faced with rising import penetration in Europe itself, van producers are unlikely to be able to raise output. While the scale of the decline is not dramatic it will prove to be permanent."



The Toyota Hi-Lux four-wheel-drive

JAPANESE EXPORT SHARES BY MANUFACTURER

Make	Passenger cars	Commercial vehicles	Total vehicles	Share (%)
Toyota	1,063,385	653,101	1,716,486	28.4
Nissan	984,665	452,330	1,436,995	23.8
Toyo Kogyo	615,314	190,425	805,739	13.3
Honda	661,120	6,572	667,692	11.0
Mitsubishi	346,643	242,946	589,589	9.7
Isuzu	57,586	200,950	258,536	4.3
Fuji	122,785	116,865	239,650	4.0
Daihatsu	66,060	82,313	148,373	2.5
Suzuki	28,984	107,116	136,100	2.3
Hino	—	26,232	26,232	0.4
Nissan Diesel	—	23,055	23,055	0.3
Total	3,946,542	2,101,905	6,048,447	100.0

Note: Figures exclude KD sets.

Source: JAMA.

JAPANESE EXPORTS OF KD SETS

Make	Passenger cars	Commercial vehicles	Total vehicles	Share (%)
Toyota	83,940	21,920	105,860	19.2
Nissan	175,052	53,880	228,932	41.6
Toyo Kogyo	40,980	37,880	78,860	14.3
Honda	42,900	—	42,900	7.8
Mitsubishi	39,744	38,988	78,732	14.3
Fuji	—	9,100	9,100	1.7
Daihatsu	6,464	—	6,464	1.2
Total	389,080	161,768	550,848	100.0

Note: KD sets are vehicles for which the ex-factory price is 60 per cent or less than the cost of all assembly parts.

Source: JAMA.

DRI also pointed out that, now Nissan of Japan has control of Motor Iberica in Spain, that country could develop as a major point of entry for vans of Japanese origin to the EEC "untrammelled by gentlemanly restrictions."

The 1981 statistics confirm DRI's point about the Japanese taking over the developing-country markets.

Exports to North America remain the most important for the Japanese commercial vehicle producers and that market absorbed 590,000 of the 2.1m exported last year.

However, commercial exports to South East Asia, totalling 362,500 and to Africa, 372,000 overshadowed those to Europe —239,000.

Even so, the progress of the Japanese in Western Europe over the past few years has been impressive.

The Japanese manufacturers had but 6.1 per cent of the light commercial vehicle markets in Western Europe (excluding car-derived vans but including the micro-vans) in 1978. In 1979 their share rose to 8.7 per cent, went up to 12.3 per cent the following year and in 1981 reached 16.9 per cent.

The advance should stop this year, and possibly the Japanese penetration could show a fall, because of the major impact in the UK where sales, as previously mentioned, will almost certainly drop by about half.

The Japanese have mainly been concentrating their efforts in Northern Europe and Portugal.

Two vehicles in particular have done exceedingly well. The Toyota Hiace van range last year captured 8.0 per cent of sales in Western Europe of light commercial vehicles of its type sales while the Datsun E20-E23 vans took 3.5 per cent.

Other Japanese vehicles have found themselves niches not covered by the European manufacturers. The one-ton pick-up trucks and small four-wheel-vehicles are examples of this trend.

The following table illustrates in the clearest terms how quickly the Japanese have made progress in Europe with light commercials. Given the prices the Japanese can charge, there seems nothing except politics and protectionism to hold back further advances, at least in the medium term.

Japanese share of the light commercial vehicle market. (Excluding car-derived vans, including micro-vans.)

	1979 %	1981 %
Austria	5	23.5
Belgium	19.7	37.5
Denmark	22.2	36.5
Finland	32.2	59.5
Ireland	40.6	66.0
Netherlands	9.5	23.2
Norway	21.8	49.4
Portugal	19.9	51.6
Sweden	16.4	18.7
Switzerland	17.4	38.1

Nissan and Mercedes Benz dominate the domestic market since their takeovers, says Robert Graham

Shake-up nears completion

SPAIN

THE SHAKE-UP in the Spanish light commercial vehicles sector which began two years ago is nearly complete. Multinationals control majority shareholdings in the two main producers, Mevosa and Motor Iberica, and their production lines are gradually being geared to full integration into the international networks.

Nissan was given the go ahead in February by the Spanish Government to acquire majority control of Motor Iberica, and Mercedes Benz is now the major shareholder in Mevosa, recently renamed Mercedes Benz Espanola. These two companies dominate the production and sale of vans and light trucks in Spain. The heavy vehicle producer, Enasa, whose takeover by IH collapsed earlier this year, also has a limited share of the market—but in the light of its failed marriage with IH it is not clear what will happen to this particular segment of its production.

The takeover of this sector by multinationals is not surprising. Even four years ago it was abundantly clear that companies with Spanish majority capital yet without indigenous technology or adequate international sales networks could not compete in the eighties. Not only did they lack the scale and financial muscle but they were also short on management skills to cope with an inevitable liberalisation of the domestic market and the challenge of EEC entry.

Against this background the Spanish state holding company, INI, which controlled Enasa and Mevosa, began a search for international partners or to persuade existing partners to to assume greater control. In the case of Mevosa, Mercedes Benz already had a 45 per cent stake —itself acquired from VW.

The main difficulty INI encountered lay in trying to head off Mercedes' demands over Enasa. In return for acquiring control of Mevosa, Mercedes Benz wanted INI to hive off the small light vehicle production of Enasa based in Valladolid. This consisted of vehicles of up to 1,000 kilos under the Pegasus label. INI refused to do this and eventually MB accepted that it could not get this and last year it raised its stake to 53 per cent in Mevosa. In the capital increase to Ptas 2.9bn (£104m) INI waived its rights. It now holds 39 per cent of the equity and appears anxious to retain an active say in the company's affairs even though it is being treated as an integral part of MB's worldwide activities.

While there was no real hesitation at government level over the penetration of MB, there was some reserve in permitting one of the major Japanese automotive groups taking majority control in a Spanish company.

Low profile

In 1980 Nissan bought out the 36 per cent Massey Ferguson stake in Motor Iberica, which produces not only vans and light trucks but tractors and agricultural machinery. The Government was presented with a *fait accompli*.

At the time this was recognised to be only the beginning of a much larger Japanese penetration. The Japanese began by keeping a low profile and it seems were willing to watch on the side-lines, testing the climate in the rest of Europe and doing nothing to antagonise the Spanish Government. However, the slump in both commercial vehicles and agricultural machinery provided more severe than expected and Motor Iberica suffered greater losses than expected. In 1981 it lost Pts 2.5bn.

This deteriorating financial situation forced the Japanese to intervene. In February Motor Iberica launched a four-for-nine rights issue, raising capital by Pta 2.195bn to Pta 7.1bn. This permitted Nissan to raise its stake to 55 per cent, and was followed in April by sweeping changes in the company's board. Nissan with the right to five of the nine board members has so far withheld appointing a Japanese but it is undoubtedly firmly in the saddle and the effects will be felt at all levels in the near future.

Nissan is planning to invest around $100m in Motor Iberica installations over the next four years, largely in tooling up for the production of the Patrol and the Vanette. Two years ago it was announced that production of both models would begin by 1983. However, within the industry there are reports that production schedules have been held back.

Delays have been caused partially by Motor Iberica's financial difficulties and the need to rationalise existing production. But perhaps, more importantly, Nissan has been pressing the Spanish authorities to drop their insistence on the 70 per cent national element in components for the Vanette and Patrol.

No announcement has been made but it is understood that this percentage requirement has been dropped, at least temporarily. This could have repercussions on potential exports to the EEC, given the sensitivity of the Community to Japanese-controlled automotive sales.

Parallel with the reduction of local manufacture of components has been a tough argument over how the Vanette and Patrol—especially the former—fit into the scheme of Motor Iberica sales. Nissan reportedly wants to phase up some of the Ebro and Avia range as quickly as possible either boosting Vanette production or introducing its technology into the former.

Originally Nissan said it would produce 20,000 to 25,000 units of the Vanette a year. This figure could now be altered, as could introduction of Nissan technology as in the case of the design of the new Ebro 6000 van.

Mercedes-Benz also took over control in Mevosa at a difficult moment with the cash flow cut by lower sales and problems in passing on increased costs via price increases. Nevertheless MB is due to invest about Pta 12bn over the next five years, improving distribution and streamlining production. Unlike Motor Iberica no lay-offs or cuts in the workforce are contemplated. Indeed there has even been a slight rise in total employees. Out of the four models produced by MB in Spain, three are entirely locally manufactured with about 60 per cent local components (MB 170, 150 and 100) and the MB 130 also comes in the form of CKD units.

Enasa is the leader in light vans, with 18 per cent of the market. But a debate is going on within the company over whether it should continue its involvement in this sector of the commercial vehicle market. Industry sources indicate that it could well concentrate on heavy vehicles and military vehicles. If this proves the case an important gap of some 4,500 units will be opened up in this sector of the market.

At present total van sales are at the level of 12 years ago. In the first three months of the year domestic sales were down 12 per cent to 6,074 on the same period in 1981. Production was 23 per cent down and even the normally more buoyant export market was down 17 per cent. In light commercial vehicles the market showed signs of a slight recovery. Domestic sales were up 15 per cent in the first three months to 2,333. Here MB and Enasa sales were well down but their performance was compensated by a 37 per cent increase to 1,730 units by Motor Iberica, the best selling model being the Ebro F-350.

TECHNOLOGY

EDITED BY ALAN CANE

The ASEA robot with control panel and (right) the portable programming unit

ASEA launches IRB 90/S in bid for bigger market share

The natural language robot

BY ALAN CANE

ASEA, the Swedish engineering giant, has launched a new spot welding robot featuring a control system now found only on the most advanced machine tools — conversational programming.

According to the company's industrial robot division, programming the new IRB 90/S takes place as a continuous "dialogue" between the operator and the machine itself through a portable programming unit.

The control system poses questions — in any language of choice — English, French, Swedish and so on — by displaying them on the alphanumeric display of the control unit.

The operator replies by pressing buttons on the unit corresponding to the answer chosen. The robot arm can be moved manually from one position to another during programming by means of a joystick on the programming unit.

ASEA says the new control system is the result of operational and programming experience from more than 1,500 robot installations throughout the world.

Its robots are already used by many of the world's major car manufacturers. Last week it announced that SAAB-SCANIA in Trollhättan had placed an order for more than 60 new robots to add to the 17 installed five years ago. These robots will be used for spot welding, arc welding and glueing.

SAAB has also decided to use ASEA robots for engine assembly; assembly work is one of the fastest growing but trickiest sectors of the robot market.

According to Mr Björn Weichbrodt, head of the industrial robot division, ASEA is already the largest supplier of robots in Europe: "We are going to become world leader for industrial robots. We have the marketing channels, technique and the financial strength necessary. The target is a world market share of more than 20 per cent."

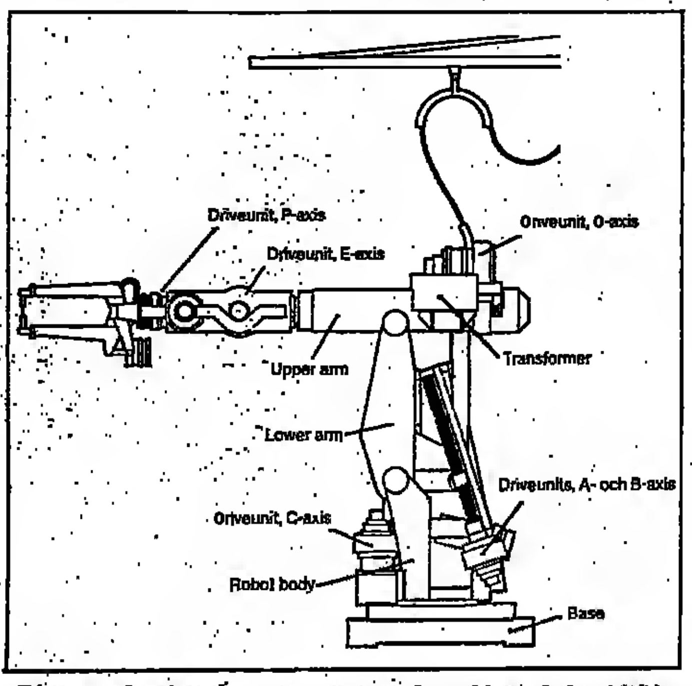


Diagram showing the components and working of the ASEA robot

Production last year was between 500 and 600 robots and the company is looking for about 60 per cent growth this year.

ASEA is up against the strength of Japanese companies like Fujitsu Fanuc and the U.S.-based Unimation.

The new welding robot comprises the robot itself, control equipment, welding monitor, welding gun, mast unit cables and hoses.

It has almost 50 per cent greater reach than earlier models—a facility in which it had been at a disadvantage compared with the Unimate Puma, for example.

The new control system makes it possible to divide the programs into main programs and subprograms; it is also possible to run the robot around, for example, the tip of a welding electrode, for arc welding.

According to ASEA, conversational programming coupled with the use of the joystick for "training" the robot, reduces programming time by 25 per cent compared with programming using a set of push buttons.

The 90S is based on ASEA's existing 60S spot welder—like all the company's robots it is powered by electric motors rather than hydraulics or pneumatics. It can handle weights of up to 90 kilograms in five axes or 60 kilograms in six axes.

After years of hiding in cubby holes . . .

Humble gas meters move into the electronic age

BY GEOFFREY CHARLISH

SOON, THE dust may be blown off the humble gas meter, undisturbed apparently indefinitely in the cupboard under the stairs or some other dark place.

For as long as anyone can remember, it has been read, often with difficulty, by a meter reader doubling as a contortionist. Apart from peering into cupboards full of junk, the "meter man" may well find that the householder is simply not at home. Then the estimated reading regime comes into action, often bringing problems in its wake.

Just leaving the development phase at Thorn-EMI Flow Measurement, Manchester, is a system that will allow meters to be read from outside the premises, from any convenient position and without re-locating the meter.

It would have been a bold man who, even 10 years ago, would have predicted the alliance of electronics with gas meters, but in Remote Read, Thorn's new system, that is how the problem has been solved.

Thorn's chief executive at the Manchester operation, Mr Ray Hanson, will not disclose too much technical detail. In essence, however, the readings produced by the continuously running wheels that move the dial pointers are transduced by a "non-contact method" from the meter's display panel.

The resulting electrical pulses are used to drive a modern digital display housed in a mains powered "home module" which is, in turn, connected to a transducer unit fixed to the inside of the house wall. The system is battery protected against mains failure.

On the home module the householder will be able to press buttons to be shown the cumulative total of units consumed, consumption since the last reading, the date of the last reading, the value of the gas consumed and the standing charge.

The position of the internal wall transducer will be marked on the outside wall. Then, all the meter reader has to do is place a hand-held pick-up unit on the spot and press a button to capture the same readings as those on the home module.

Electronics promise light and better working conditions for meter readers. The age of the dusty meter under the stairs is nearly over.

In addition, he will be able to re-program the home module through the wall when the cost per therm and standing charge alter. His display keyboard unit is carried on a shoulder strap and is connected by a short length of cable to the hand-held transducer.

The information in the home module is secure and can be accessed only by punching in a security code.

Beyond this it is obviously only a short step, technically speaking, to transmit the pulses to some other location. It has already been announced that the Department of Industry is supporting research into a system called Mainsborne at Thorne-EMI.

It is understood that this uses the street mains system to carry the data but the company will say no more at this stage.

However, British Gas has 300 of the Remote Read meter transducer units, which will be used in a trial at Milton Keynes (fast gaining a reputation as Britain's "wired city" test bed).

Also available are 100 of the complete systems with home module plus five interrogators, for loan to interested parties.

Ray Hanson says: "We are in the process of pulling ourselves out of the traditional image of gas metering." He believes that as people become more energy concsious his home module will catch on.

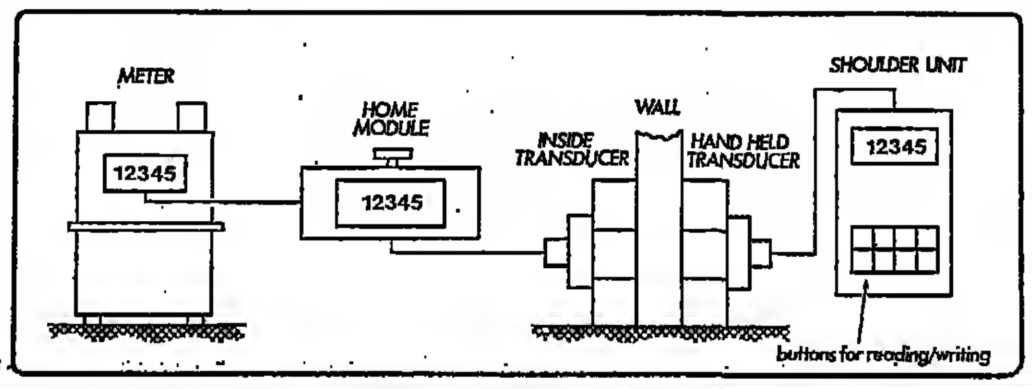
He also thinks that gas authorities throughout the world will benefit from such systems

Meanwhile and by contrast, the company continues to mass-produce the gas meters themselves, in various sizes, based upon the positive displacement principle which is about 100 years old.

In spite of such developments as turbine flow meters and several other relatively recent designs, the principle of repeatedly filling a cavity with gas and moving it with a diaphragm to the consumer's pipe remains, apparently unchallenged for reliability

So the company has been applying itself to reducing the numbers of moving parts in such units and improving the efficiency of their manufacture.

But it is a big market. Such flow control equipment is now worth about $165m world wide. There are 14m gas meters in the UK alone and each is replaced about once every 20 years.



Machine tools

Three axis driller

A three axis CNC turret drilling and tapping machine with a six station turret head and DC servo-drives is now available from Halan Machine Tools, Sketchley Lane Industrial Estate, Hinckley, Leics (0455 6172261.

Two models are available — the 500 with ½ in capacity drill and the 750 with ¾ in capacity. Spindle speeds are 85-4010 rpm, table movements 250mm x 500mm and Z movement 150mm. Prices start at £12,950.

Measuring

Portable microscope

PORTABLE depth measuring microscopes are now available from AMT Marketing and Sales, Guildford. The three models are designed as alternatives to expensive heavily equipped microscopes for use in measuring printed circuit board assemblies, cracks, welds, holes in the electronics and printing industries. More information on 0483 60314.

Electronics

Inmos introduction

INMOS, the state-backed electronics company, has introduced the first of its dynamic random access memory circuits, the IMS 2600. The company claims that the circuits is the fastest of its type available.

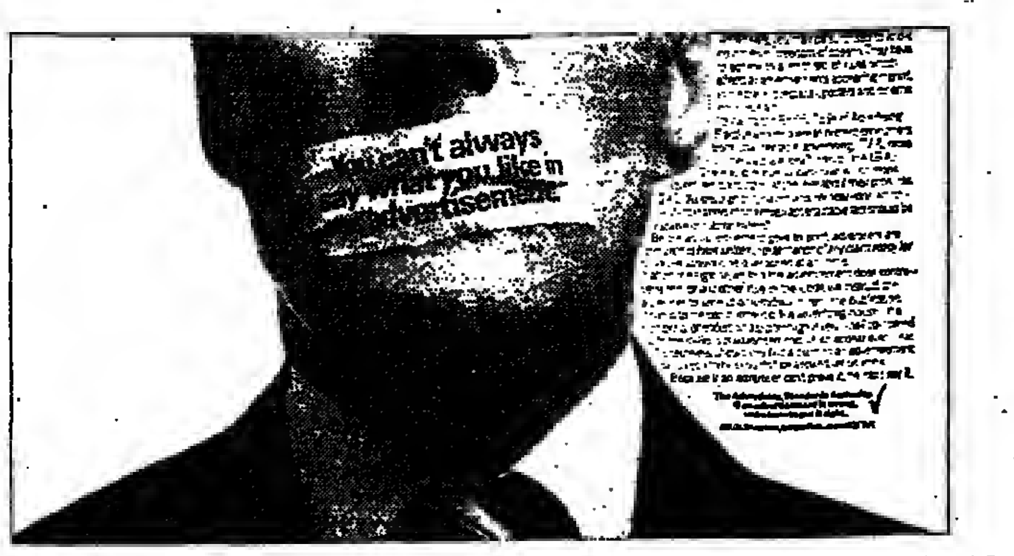
The chip has been in limited production for several months at Inmos' U.S. facility in Colorado Springs: It is a 64K x 1 ram which is said to have x 1 ram which is sai dto have an access time of 100 nsecs. Further data from 0272 290681.

THE MANAGEMENT PAGE: Marketing

EDITED BY CHRISTOPHER LORENZ

Advertising standards laid bare

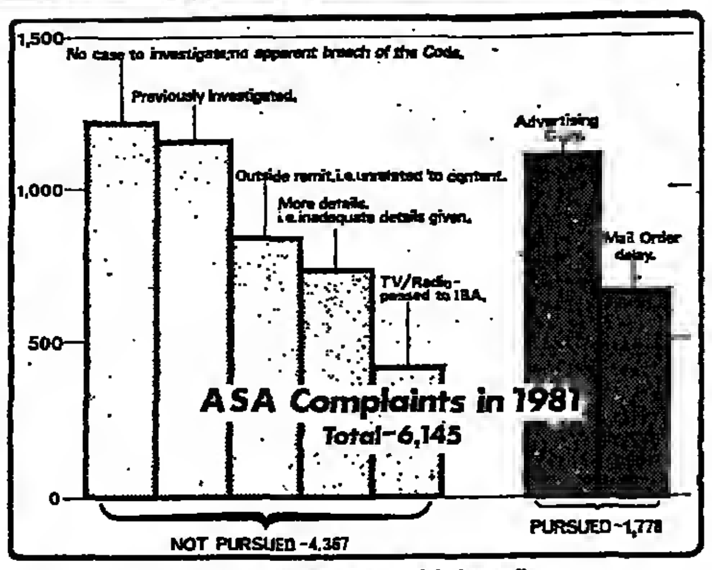
BY DAVID CHURCHILL



"THE blood runs in rivers . . . and the drill tears through flesh and bone." That was the gruesome advertising copy line which appeared recently in several British home video magazines for a horror video cassette called "The Driller Killers." The advertisement, carried in magazines freely available in most newsagents and bookstalls, also included the picture of a hole being drilled through a man's head.

That advertisement has now been withdrawn after several angry complaints from members of the public who had innocently bought the video magazines without any idea of the shock that awaited them. They complained to the Advertising Standards Authority, the "watchdog" body for non-television and radio advertising, which had upheld their complaints. It persuaded the advertisers to withdraw the offending advertisement.

The ASA had acted under section 11.2 of the industry's code of advertising practice which requires that "advertisements should contain nothing which is likely, in the light of generally prevailing standards of decency and propriety, to cause grave or widespread offence."



Peter Thomson: "We have to be careful not to try to promote social change"

Decency

In its annual report published today, the ASA reveals that it upheld complaints against eleven advertisements last year on grounds of decency. "Although the majority of advertisements was not found to be in breach of the Code, the irrelevent and tasteless use of female models, the general debasement of language and the increasing use of sadistic and violent appeals were points of particular criticism," comments the ASA in its report.

Peter Thomson, the ASA's director-general, shares the general revulsion of most people against the current boom in horror videos. But he points out that it is only the advertising for such goods on which the ASA can base its judgment.

"The test in such cases is the audience for the magazines in which the advertisements are placed," he says. "In the case of advertising for horror videos we have to look at the opportunities to buy the magazine and whether the reader might reasonably expect to find such advertisements placed there." Since home video magazines are generally about video equipment and less horrifying forms of pre-recorded software, the ASA came to the conclusion that most readers might be offended by the advertisements. Moreover, it took into account the fact that home video magazines were easily accessible to children.

Advertising of horror videos which are so blatantly likely to offend many people is a fairly straightforward case for the ASA to deal with. However, other types of advertisements which might cause offence are considerably more difficult for the ASA to look into.

The way in which women are portrayed in advertising is a particularly thorny problem for the ASA to tackle, as it acknowledged earlier this year in a report which was based on a specially commissioned survey. Lord McGregor, the ASA's chairman, said then that "advertisers should note the substantial minority of respondents who accepted the possibility of degradation being felt by women as a direct result of the manner in which their sex is depicted in advertisements."

Thomson admits that sexism in advertising is one of the main areas of concern for the ASA. Yet he points out that the ASA has to be careful "not to go down the road of trying to promote social change." He firmly states that this is not the ASA's role: "We can only move in this direction if we feel the majority is likely to be offended by certain advertisements," he says. "In the case of sexist advertising our survey clearly showed that we have not yet reached that stage."

The ASA's current concern with sexism in advertising reflects its increased confidence with tackling some of the more thorny problems posed in an acquisitive society where advertising's primary function is to put over a "hard sell." This confidence, however, is a far cry from the early days of 20 years ago, when the ASA was first established.

It came into being largely as a consequence of the growth of commercial television. The fact that television advertising was (and still is) subject to stringent — and separate — controls laid down by the Independent Broadcasting Authority made it incongruous that the more extensive advertising in other forms of media escaped censure.

To avoid any statutory system of controls imposed by government, the advertising industry joined together to create a self-regulatory system for maintaining standards in print, poster, and cinema advertising. The advertising industry (through various trade associations) established a Code of Advertising Practice and, in 1962 set up the ASA as an independent body to monitor and adjudicate complaints based on this Code.

Shoestring

As often happens to organisations charged with high ideals but funded on a shoe-string, the ASA in the 1960s was not a conspicuous success. By the early 1970s, it had become clear that the ASA needed its resources to be strengthened if it was to win the confidence of the public and advertising industry alike. Consequently, a new system of finance was devised which gave the ASA considerably more resources to do its job effectively.

The system imposed a levy of 0.1 per cent on the cost of all relevant advertising (other than classified). In 1981 this gave the ASA a revenue of just over £1m.

The ASA has a full-time secretariat of about 40 who serve a 10-strong Council. To preserve the ASA's independence, some two-thirds of the Council are from outside the advertising industry and all members serve as individuals, not representing any particular body or section of the public.

The ASA has two main functions — to monitor published advertisements to ensure they comply with the Code; and to adjudicate on complaints made from members of the public.

Complaints from within the industry or from other companies are dealt with by the Code of Advertising Practices Committee, a 20-strong body representing advertising industry trade associations. The CAP committee, which operates from the same offices as the ASA although it works separately, also gives pre-publication guidance to advertisers.

Monitoring of advertisements is carried out by the ASA in three main ways. First, the ASA scans on a regular basis a large number of national and regional newspapers as well as a rotating selection of consumer and women's magazines.

The number of advertisements found to be in breach of the Code is usually very small. In 1981, out of the 76,160 advertisements surveyed in magazines and Sunday supplements, only 145 cases were found to be prima facie breaches. This is a proportion of 0.19 per cent of breaches to the total number of advertisements. For newspapers of all types, there were only 137 breaches — or 0.03 per cent of the 352,200 advertisements surveyed.

The second plank of the ASA's monitoring activities is for 12 especially selected product categories a year to be examined in some detail. The sectors covered last year included Royal Wedding souvenirs and toy trades. Out of the 4,727 advertisements examined, some 50 breaches were found. This gave a percentage of breaches to total advertisements of 1.05 per cent.

The third system used by the ASA is to make random checks on advertisements and ask advertisers to substantiate their claims. Out of 750 display advertisements studied in the first eight months of 1981, only one advertiser was asked to amend his copy in the light of substantiation received by the ASA.

Although the monitoring activities are an important part of the ASA's role in maintaining the Code, it is in its role as arbiter of complaints from the public that it is best known. For the past two years the ASA has embarked on a substantial advertising campaign — spending £350,000 of its own money and getting considerably more free advertisements from publishers — to make people aware of how to complain about ads which, in the ASA's words, should be "legal, decent, honest, and truthful."

The number of complaints received by the ASA last year actually fell: some 6,145 were received compared with 6,533 in 1980. But the 1980 figure had been the highest ever received by the ASA, apparently reflecting the increased awareness by the public as a result of its initial advertising campaign.

Repeated

Less than 30 per cent of the complaints received last year led to an investigation by the ASA, since many were outside its remit or it was decided there was no case to answer. Of the 1,778 complaints investigated, 673 were concerned with mail order delays and 1,778 with advertising copy.

Some 826 complaints were upheld either wholly or in part by the ASA and in the majority of cases advertisers gave assurances that the offence would not be repeated. However, in 31 cases assurances were not given, thus forcing the ASA to tell media organisations that the offending advertisement should not be accepted for publication as it breached the Code.

Apart from the sanction of media owners refusing to carry advertisements which breach the code, the ASA also relies on adverse publicity to help enforce its decisions.

Peter Thomson would welcome some ultimate legal sanction against rogue advertisers who refuse all the ASA's blandishments to toe the Code's line. Such powers were suggested two years ago by a Department of Trade working party and would give legal sanctions to the Director General of Fair Trading. But as yet, the Government has not made up its mind about introducing such powers.

All the same, Thomson argues that, given the many millions of advertisements each year, the number of rogue advertisers is "very, very small." Without wanting to be complacent, he believes that advertising standards are getting better all the time. "Certainly, in the 14 years I have been with the ASA, the standards of advertising have visibly improved," he maintains.

Ulster's new soft sell

BY ALAN PIKE

SOMEWHERE among the array of souvenirs, advertising material and other paraphernalia circulating around the World Cup finals in Spain are 2,000 copies of a glossy publication advancing the delights of Northern Ireland.

The booklet — produced in English, French, German and Spanish — is the British Government's latest attempt to market a rather different image of the province from the tragic one which it often so effortlessly markets for itself.

Use of the written word by the Government as a weapon in the troubles is not new, of course. During the hunger strikes, for instance, it produced an extensive range of material giving its side of the case.

The latest venture — "Northern Ireland Observed" takes a more general perspective. A few pictures of troops and police officers at work are scattered discreetly among illustrations of other aspects of life in Northern Ireland, and the unrest is referred to in the text. But treatment of the violence is relegated to a low second place in comparison with industry, education, recreation and similar topics.

Images of a country in chaos, says the booklet, are at best lacking in balance. "Children go to school. Mothers go shopping. You can travel the length and breadth of the land in an atmosphere of peace and tranquility. Factories, many of them American and European, produce goods for the rest of the United Kingdom—less than 20 miles away—and for export world wide."

The initial print run for "Northern Ireland Observed" is 25,000. At the World Cup it is being distributed to journalists and others who might be in a position to influence the international image of the province, and further copies will be distributed through embassies and other suitable outlets.

On one level the Government obviously has something worth selling where Northern Ireland is concerned. The incentives to industry to invest there are the best in the UK, although competition with the Republic of Ireland is intense. "Northern Ireland Observed" is intended to support the financial incentives with a more attractive picture of life in the province than is conveyed in daily news reports.

But does the Government really believe that any amount of good news — however genuine, like the level of educational achievement in Ulster — can succeed in its purpose? When companies which transfer from south-east England to the English, Scottish and Welsh development areas sometimes encounter difficulty with managerial staff who do not want to move their families, is there any prospect of successfully marketing a region where the primary image is so frequently one of violence?

Nicholas Scott, one of the Ministers at the Northern Ireland Office, believes that it is possible provided representatives of companies who have Northern Ireland on their short—or sometimes very long—lists of possible investment locations are prepared to go there and look around for themselves. The Government hopes that "Northern Ireland Observed" will help whet appetites.

Another stage in the Government's attempts to market a positive image for Northern Ireland will include a visit by James Prior, the Secretary of State, to the U.S. later this year, and other ministerial tours in which the attractions and advantages of the province will be stressed.

It is, of course, impossible to measure the extent to which the troubles have inhibited industrial development in Northern Ireland, or to tell how much the image of the North may also have hit development in the Republic.

But "Northern Ireland Observed" has been preceded by similar campaigns in Japan and the U.S. by the Irish Industrial Development Agency, the purpose of which has been to convince industrialists that Eire is not at all the same place as Northern Ireland.

Promotional paperbacks

WHICH BRITISH paperback boasts the longest first edition print run? Alan Toop of Sales Machine knows the answer. It is the 1.3m copies of "Baking your cake and eating it," a book sponsored by the Co-op and masterminded by Toop's promotion company.

While more companes are attracted by the idea of the sponsored book, with dreams of another Guinness Book of Records, Toop is developing a slightly different animal—the promotional paperback.

A typical example is "Practical decorating for practically everyone" with some words by William Rushton, drawings by Larry, and money from Polycell. This slim volume carries a marked price of 45p but was actually given away to any buyer of Polycell products in the local DIY department. Around 250,000 copies went this way and since the Sales Machine reckons it costs 10p for each book, the bill for a successful promotion was £25,000, which in below the line terms, is quite modest.

An enthusiastic supporter of paperback giveaways is Schaeffer, which attached a book on handwriting to a pen in a special offer. Spillers and Chivers have used them in coupon schemes whereby the customer sends labels in return for a book. The attraction is that it is inexpensive, gives the consumer the feeling that he is getting a bargain, and keeps the brand name in constant use.

In the U.S. the company book is big business, with drug company Smith Kline and French sponsoring "The Hyper-Active Child" and Bristol Myers "Family Physical Fitness." In the UK, the Queen Anne Press specialises in such publications.

Antony Thorncroft

Song of Norway

Norway, like many small countries, suffers from an inferiority complex about the arts. Rather than revel in the centenaries and suchlike of its three great sons, Ibsen, Grieg and Munch, it confronts its harsh landscape, scenic but unproductive, and attempts to bring contemporary art to the isolated masses — just 4m of them spread around a country larger than the UK. The coolness of its climate makes it clear-headed and civilised—no commercial television, little advertising to enliven the well-planned towns, the triumph of sense over sensation, the safe over the shocking.

The fact that the current arts supremo, Mr Lars Langslet, although a member of a Conservative government, is only prepared to countenance a second radio channel provided by interested amateur groups—churches, trade unions, journalists, chambers of commerce—rather than allow commercial radio, let alone a second television channel financed by advertising, reveals the Norwegian consensus for a Reithian attitude to the role of communication and the arts.

In many other respects he sounds like a British cabinet minister. A financial crisis inhibits expansion of the arts, but the National Theatre, wrecked by fire, will be restored. A Norwegian Theatre, planned since 1916, will be built, dedicated to productions in the authentic Norwegian dialect (rather than the Danish-dominated language, used by Ibsen, which became the respectable voice of the 19th century before Norway gained final independence in 1905), even though the cost is almost £40m. Norway must get its national broadcasting expanded before the new technology swamps its culture with foreign transmissions: already a quarter of the population has access to the two-channel Swedish television.

The great shock of Norway is to find a country so primitive in its contact with the modern arts of television and radio and so advanced in its concern with art for the people. For a population scattered across difficult terrain the arts mean much more than visuals and sounds through the ethos. The glory of the country is the organised theatrical, musical and art shows which venture to communities at the very top of the world. The inhabitants of Kirkenes, well into the Arctic Circle, can anticipate each year visits from the State Travelling Gallery with a collection of contemporary paintings, plus the occasional Munch from the national collection; musical quartets; and theatrical troupes from the State Travelling Theatre which has up to fifteen companies travelling twice a year and notching up 200 venues between them.

The Government, both national and local, subsidises these ventures, even though the artistic organisations have a very rational view of the state of the arts in Norway. In music there is a great deal of activity; the visual arts are hampered by a lack of private patrons; the theatre is predictable because in such a sensible country there is a marked lack of that social and political polemic which keeps the British fringe in business. Anyway all the professional writers, musicians, and artists are organised into unions which monopolise their respective arts and ensure patronage.

Perhaps the most distinctive feature of the arts in Norway is the Cultural Fund, administered by the Cultural Council since 1964 with the basic aim of keeping alive Norwegian literature, threatened by English speaking best-sellers. Every new book by a Norwegian author is guaranteed sales of 1,000 copies by the Council, for circulation in public libraries. So with a minimum print run of 1,200 a writer is in business.

The Fund, which has a budget of around £6m a year, allocates around 35 per cent of this to literature but also subsidises albums by contemporary Norwegian composers and helps artists by organising exhibitions and paying for materials. There are also guaranteed incomes of approaching £5,000 a year for nominated members of the artists unions whose creative impulses need a leisurely gestation. This might sound bureaucratic, even socialistic, in the UK, but in Norway, where the arts are subsidised to a much higher degree, such inter-meshing of artists with the community is regarded as normal.

There are elements of change in the Norwegian arts. The Conservative Government, not surprisingly, is encouraging arts bodies to rely less on state aid and more on ticket sales: the State Travelling Theatre, for example, gets only 8 per cent of its income from this source. A tax on blank video and audio cassettes will provide cash for the arts, and also enable the Government to cut back. But it will always play the central role and will develop the arts as one way of holding together a large country with powerful regions and a small capital city in Oslo—small in its ability to finance the arts through private enterprise.

Antony Thorncroft reports on a visit to Norway where the arts are taken very seriously, to good effect.

If Oslo is less than a metropolis, Bergen, half its size, is a very confident and self-contained provincial centre. For long the main port and city of Norway it makes an ideal setting for the main event in the cultural life of the country—the Bergen International Arts Festival which has just ended. This has a new director in Knut Thomassen who is attempting to broaden its appeal—such novelties as performance artist Laurie Anderson and naked dancers in a new work for the Gothenberg Opera were expected to shock the respectable gentlefolk of Bergen who make up the polite audience for most of the 118 events.

The undoubted highlight on a brief visit was the Cullberg Ballet company which went completely over the top on *Soweto*, danced to contemporary music and noises; into the stratosphere with a pas de deux . . . *dina ogon* which was unaccompanied, apart from an epidemic of coughing from the audience, but more than redeemed itself with *Bernardas hus*, based on Lorca's play *The House of Bernadad Alba*, and in which Spanish superstition and passion was excitingly evoked in choreography by Mats Ek.

Bergen must be one of the most attractive of the European festivals. The town is the right size and formally picturesque and the programme combines the Scandinavian arts establishment with enough experimentation, especially in contemporary music. It could do with a fringe but in the meantime the other side of Norwegian life can be explored at the parallel jazz festival which featured such surprises as Machito, the veteran Latin-jazz leader with the ebullient band stuffed with his offspring.

St. Louis Opera

Andrew Porter

Glyndebourne by the Mississippi

In Saint Louis — that handsome, substantial, artistically rewarding, tree-filled city beside the Mississippi — Richard Gaddes has created the most attractive opera company in America. Now that British Caledonian flies London — St Louis direct, the June month of opera there deserves a place of honour on the international festival circuit. I've been going there most years since the company began, in 1976, and still have not exhausted a list of "things I must see next time (between operas)" in the city and its outskirts.

The Opera Theatre of St Louis plays in a Glyndebourne-size, but, with its thrust stage, not Glyndebourne-shaped, theatre outside the city, set on a tree-lined lawn, where a tent serves food before the shows and drinks during intervals and afterwards. Incidental pleasures rare in America — though less so in Europe—abound: friendly ticket takers (unlike those sullen guardians of the Met's golden gate); a substantial programme book (free, as not in in Europe); congregation and conversation after the shows. The company includes America's brightest and best young singers. Ashley Putnam, Sheri Greenawald, Faith Esham, John Aler, Vinson Cole, Gerry Hadley, Stephen Dickson are among those now celebrated whom I first heard in St Louis. This year's "discovery" is the baritone Thomas Hampson, a first-rate Guglielmo in *Cosi*, who has been singing in Germany and no doubt will soon be singing in Glyndebourne.

There were five operas on the hill this year: *Cosi*, *Elisir*, the premiere of Stephen Paulus's *The postman always rings twice*, and a double-bill of Prokofiev's *Maddaleno* (the American premiere, and its second staging anywhere) and the one-act zarzuela *Lo verbena de la paloma*. Not everything was good. The zarzuela was awful. *Elisir* was rather ordinary, lifted to some distinction only by the pretty singing of Maria Spacagna as Adina. But the rest was gripping.

Here I must, in the politicians' phrase, "declare an interest," since *Cosi* was sung—for the most part—in my translation. (All St Louis performances are done, rightly, in the language of the performers and their auditors.) But since I played no part in the particular performance beyond, in advance, translating Da Ponte's words as literally as was compatible with Mozart's music, I cannot refrain from hailing Jonathan Miller's production as the most emotionally accurate and most moving I have ever seen. Don Alfonso was Reason. Despina was Nature. And, in the words of Dr Miller's programme note, "working together they contrive to bring two pairs of deluded lovers to their senses, and by demonstrating that each person contains an unsuspected alternative to the forthright personality which he consciously claims as his own, they force the sentimental quartet to realise and come to terms with the unavoidable duplicity of human nature."

Patricia McCaffrey and Ashley Putnam in 'Cosi fan tutte'

At a stroke, this cut through the reams of silly speculation that have been written—and enacted—around *Cosi*: how real are the fervent protestations? who pairs with whom at the end? The opera is no longer "insulting to women." *Cosi fan tutte* but *cosi fan tutti*, too. Perhaps the most moving moment of the evening was Ferrando's—Gerry Hadley's—realisation, during and after "Fragli amplessi," that not only the rock-like Fiordiligi but he, too, has been shaken by new, unforeseen emotions.

The cast was first-rate: Ashley Putnam and Patricia McCaffrey as the sisters, Hadley and Hampson as their lovers, John Stephens as the philosopher Alfonso, and Ruth Golden as the straightforward Despina. Real people. No extraneous or gratuitous clowning. John Conklin's sets were a shade drab, but they supported the realistic production. Miller's staging has some episodes of clumsy "blocking" by contrast with the more elegant *Cosi* productions of our time, but its emotional truth was more, far more, than sufficient compensation.

Calvin Simmons both conducted and played continuo. Emotionally he, too, was precise and Mozartian. Balance was beautiful. Musically, I wanted rather more light and shade than his *mf sempre* orchestra provided — more phrasing in the overture, more freedom for the instrumentalists (of the St Louis Symphony) to become as much soloists in their own right as the singers on the stage were. But perhaps I am being hypercritical. Beecham, John Pritchard, Haitink, and in America today William Harwood have set high Mozartian standards hard to match.

More, later, about *Maddalena* and *Postman*.

Arrau & Muti/Festival Hall

Andrew Clements

Tuesday's Philharmonia concert was the end of what by any standards has been a fine season for the orchestra. Riccardo Muti conducted; the soloist in Beethoven's fourth piano concerto was Claudio Arrau. Arrau will be 80 next February; in many of his recent Festival Hall appearances his playing and his manner have utterly contradicted that fact, and in some ways so did his performance here. Technically is was as assured as ever: scales and figuration purled off with evenly weighted tone; chording, occasionally favouring left hand over right, firm and well focused.

In his rubato too Arrau had returned to the flexibility of former days. The heavily underscored pointmaking, the agelong pauses for breath, that disfigure some of his recordings of a decade ago were hardly in evidence here at all. Yet the concerto remained curiously unsatisfying, a view of this most rarefied of piano concertos without a hard kernel of truths.

In place of conventional Apollonian elegance Arrau offered a less confident but tellingly he chose for the first movement the cadenza of Beethoven's (he left three for this concerto) that develops the opening theme most faithfully, that enhances those first musings. Had this been the performance of a younger pianist it would have been marked down as "exploratory" or "transitional;" as that of a master pianist in ripest maturity it seemed almost to be the picking up of long-discarded trains of thought—ideas with the passion that once motivated them long forgotten.

Muti and his orchestra accompanied faithfully and with appropriate restraint. The account of Beethoven's second symphony that followed gave vent to the conductor's more natural inclinations, presenting a work chafing at the bounds of classicism, encompassing a largeness that suggested the composition of the Eroica as the next logical and inevitable step. The concert had begun with an oddity, the *Music of Gaity*, arranged from the Fitzwilliam Virginal Book by Bruno Maderna. Excitement that here was the Philharmonia programming a contemporary composer in a repertory concert was slightly abashed by the straight fidelity of these transcriptions.

The Talking Band/Round House

Rosalind Carne

The theatrical experience is pretty deflating but the blurb sounds good, so I shall start with that. Paul Zimet, an ex-member of Open Theatre, arrives at The Round House with his company The Talking Band for their first appearance in this country. Their double bill starts with a "comic, romantic, revolutionary opera" based on an epic poem by the Turkish poet, Nazim Hikmet, translated by Randy Blasing and Mutlu Konuk. Part two is an adaptation of the Celtic legend by the Company and the poet Sydney Goldfarb.

They tackle this ambitious programme via shared recitation, gesture, tableaux, shadow puppets and a score which is, at its best, moodily rhythmic. At its worst, it sounds like improvised humming. Some of the visual effects are admirable and there are moments to savour, but one needs an indulgent critical temperament to do so.

Hikmet's fantastical saga describes the passion of the Mona Lisa for a young Chinese revolutionary who visits the Louvre in 1924. Actors suitably draped, flash up behind screens to suggest corridors of masterpieces. Poor Gioconda, stiff with grinning and boredom, flies out the window and off to Shanghai to join Si-Ya-U. After this everything becomes confused and the poetry, appealing if quirky in the opening section, becomes lost in the chanting of the bizarre, heroic conclusion.

The retold *Tristan and Isolt* involves two Isolts to complicate the original tragedy. I liked the modern angle which draws in duller mortals from the sidelines, heightening the sense of everyone wanting what they cannot have. But there is far too much general fondling, wailing and moaning. Tristan's death takes a new turn, and he expires as a result of a bed joke from Isolt number two, the one he doesn't love. Further novel strands are appended to the simple tale, and the performers sway around with self-conscious balletic mannerisms in front of a large wooden screen. There is some smoochy saxophone and clarinet playing from Harry Mann, who also fools around effectively with the insides and outsides of a piano.

Cheltenham Festival

Max Loppert

André Tchaikowsky, who died last month after a long illness, was a virtuoso pianist who spent the larger part of his career evading that label. His recitals, increasingly rare in recent years, could be maddening but also stimulating occasions, as eccentricities and insights jostled each other in quick succession. Tchaikowsky was also a composer, though his output was limited. Finishing touches were being applied to a Shakespeare opera at the time of his death; those who (like myself) had previously encountered only the competent but rather anonymous piano concerto written for Radu Lupu must have been surprised at the development of skills evidenced by the Trio notturno, whose first performance was given at the Cheltenham Festival by the piano trio of Frankl, Pauk, and Kirshbaum.

The premier had already figured on the Cheltenham schedule before the composer's death; as the centrepiece of a Beethoven recital dedicated to his memory, the music was given a charge of valediction that it might not have been designed to bear, at least as the occasion afforded it. Even so, the title suggests that reflection was always its business; and certainly, the intensely moving effect of this performance could hardly have been achieved without an inherent strength of purpose in its conception and fulfilment.

A programme note told us that the Trio germinated after a remark by Hans Keller (to whom it is dedicated) insisting that, especially since the collapse of tonality, strings and piano were essentially incompatible groups. Tchaikowsky, instead, emphasises their disparity. The first of the two movements sets up a tense argument between the linked assertions of the violin and cello and the chordal ripostes of the piano—though material is exchanged and challenges are answered on both sides, the basic demarcation lines are maintained. In the slow movement, a long rumination with a passionate outburst at its centre, contrasts are further investigated; while the influences of Bartok and Berg loom large in the music, its own individuality is always sharply profiled. On another, less emotional occasion, the performers might find the slow coda hard to bring off: here, it came as the inevitable close of a most eloquent and heartfelt performance.

Cheltenham morning concerts, though novelty of the flashier kind has been avoided, are providing food for thought. The Kontarsky brothers, fresh from their I.C.A. 2-piano recital, have repeated their spell-binding reading of the two books of Boulez *structures*; the second half of the concert, no whit less demanding of concentration, gave us a rare account of Busoni's *fantasia contrappuntistica* in its final version for two pianos, a craggily magnificent edifice built with unanswerable authority and brilliance by the Kontarskys.

★ ★ ★

Warsaw Opera

The little Warsaw ensemble dedicated to the performance of 18th-century opera (though its repertory also ventures into other periods) was founded only a decade ago. It has already reached an admirable standard and quite distinctive style of presentation; in a first visit to Britain, at the Cheltenham Festival this week, the Warsaw Chamber Opera offers three programmes, of Cimarosa, Haydn, and Rossini (*Il signor Bruschino*, tonight and tomorrow) each so far of sufficient interest and enjoyment to make one wonder why no group of comparable size or purpose has sprung up on our own operatically much more fertile shores.

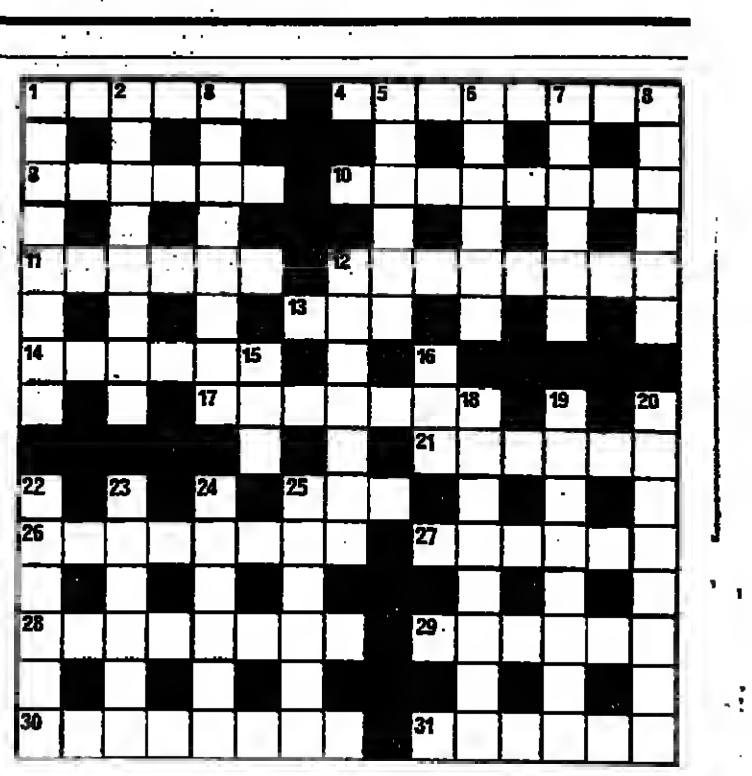
Haydn first, even if on the festival schedule he came second. First, because it is his anniversary year; first, more important, because of the charm, nimble workmanship, and flashes of genuine operaticness that came through the Warsaw performance of his Goldoni comedy *Lo speziale* (dashes that mostly fail to reach an audience from the larger, more elaborate Esterhazy operas). The manner of the production was modest in the best way: seven musicians plus continuo in the pit (the necessary adjustments to Haydn's scoring being tactfully made), a cast of four (plus two supernumeraries), and a facade set most wittily employed by the producer, Andrzej Sadowski.

The fun was directly derived from a decision to go delicately with, not vulgarly against, the grain of the comedy. And when Haydn's musical scope expands—as it so happily does in a quartet for deceived elderly suitor and his unwilling betrothed plus two younger swains in notary disguise—the performance matched such an expansion. The companion piece, a Haydn cantata *Die Erzählung einer Kapellmeisters* (Apollo being the elector, and the conductor that of his Heavenly choir) should properly not be staged, and is probably not authentic Haydn. Given with a touch of Offenbachian merriment, it justified the doing.

The Cimarosa opera is a rarity, *L'impresario in angustie* of 1786. Goethe knew and admired it: in later eras gaps opened in the score (recently filled by discoveries in Budapest), and the whole work fell into an obscurity not wholly deserved. A backstage comedy, of a kind that reached its ultimate fulfilment in the first part of Strauss's *Ariadne* (though Donizetti's *Convenienze ed inconvenienze teatrali* lies nearer home), it brings the composer of a new opera, company of two, imported prima donna, librettist, and debt-ridden impresario (he finally takes flight) into typically neat Cimarosa situations. Typical likewise, in the score as we heard it, the apt brightness of invention untouched by Mozartian depths; and the two acts — including an elaborate air for prima donna plus flute, and finales in which Cimarosa's art is fluently sampled — were not without longueurs not felt in *The Secret Marriage*.

I used the phrase "as we heard it"; for without a Cimarosa score to hand, it was hard to know how much had been omitted or transposed (in the first act three successive numbers in C major, and in the second four in E flat, seemed unlikely tonal planning); and despite insistence in the programme to the contrary, Haydn's original vocal dispositions were not complied with—the travesty suitor was here a tenor, and the tenor apothecary here a baritone. What mattered most was that, under Tomasz Bugaj's baton, Haydn and Cimarosa flowed, lightly and stylishly. No outstanding vocal talent revealed itself in the company, though the sopranos Jolanta Radek and Alicja Slowakiewicz and particularly the tenor Kazimierz Myrlak (an appealing comedian) had traceable moments. To encounter genuine ensemble opera of this kind is always a pleasure.

F.T. CROSSWORD PUZZLE No. 4,917



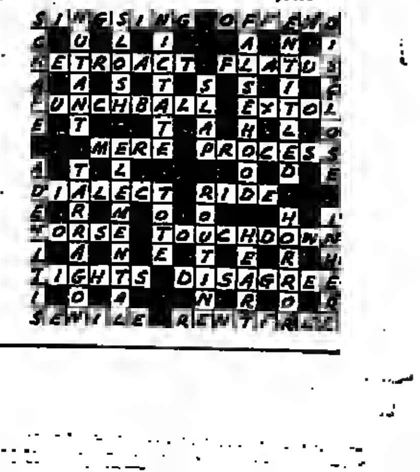
ACROSS

1 Evasive topiarist? (6)
4 Hood looking sort of strange on head of Gilbertine (8)
9 Extremely gawky holding girl—appearing expressionless (6)
10 Result—I'm at Epsom, on the inside—last! (8)
11 Trance-producing beverage (6)
12 Advantage gained from this purchase (8)
13 Fail in examination—get the hump (3)
14 Poor artist in difficulty (6)
17 Cigar smoked by Biggles for example in bed? (7)
21 Acknowledging applause for violinist's performance (8)
25 A jolly weapon (3)
26 Perverse like the nursery-gardener (8)
27 A trace of a rise (6)
28 Sort of race to make Coe blast . . . (8)
29 . . . last events of people passing out (6)
30 Changed hands apt to be a hazard for Gary Player (4-4)
31 "The Dark Lady" not to open—it is way out! (6)

DOWN

1 Excellent headland — suitable address for a prince (8)
2 Obsolete vehicle for those who all fell down? (4-4)
3 East End district still very happy (8)
5 Having dropped off, order please! (6)
6 Girls' prepared to become travel couriers? (6)
7 Potty thing to defeat the fortune-teller (3-3)
8 Smoking-jacket? (6)
12 Room for Reading's scale railway (7)
15 Your old part of fifth year (3)
16 Situation for little woman opening boutique (3)
18 Raising glasses to Browning (8)
19 Dog turning out to be A1 leader (5)
20 Got sites ready for self-caterers (8)
22 Sweeping strokes make sensational news-items (6)
23 Complete agreement on the pitch? (6)
24 Notorious temperature on Scottish isle (6)
25 Pine for list of names in motoring organisation (6)

Solution to Puzzle No. 4,916



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War is not a path to peace

THE case for the Israeli operation in the Lebanon is based on the premise that it will bring about a long-term, perhaps even a permanent, improvement in the security of Israel and in the stability of the region. If these long-term aims can be secured, the casualties on the Israeli side and the much larger casualties among the Palestinians and the Lebanese, horrifying as they are, may to some people seem a price worth paying.

If the Palestine Liberation Organisation can be eliminated as an organised fighting force, the argument might go, Israel will cease to be vulnerable to its attacks. Israel has once again demonstrated its military supremacy in the region, and the dismemberment and removal of the PLO will be the final piece in the jigsaw, which will also restore stability to the Lebanon.

To be sure, there would remain a continuing danger of sporadic terrorist acts by fragmented Palestinian groups, and much of the rest of the Arab world would remain a source of hostility to Israel. But in general terms, the Palestinian problem would be containable for an indefinite future.

Long-term

If this case seemed plausible, it would have much to recommend it, in terms of *realpolitik*. The West has every interest in seeing greater stability in the Middle East: Israel's survival is vital, in political and psychological terms; the Lebanon has for too long been wracked by civil strife, and those internal conflicts have been seriously exacerbated by the presence in Lebanon of the forces of the PLO.

Unfortunately, we do not believe that Israel's long-term objectives are attainable by the means it has chosen, and we *greatly* fear that its *strategy* may make its problems worse. Moreover, whatever the operation may do for Israel's security in the short-term, it may seriously aggravate the broader problem of stability in the region.

The first difficulty with the Israeli strategy is that it seems to assume that, after the decapitation of diaspora of the PLO, the Palestinian problem will somehow dwindle to insignificant proportions. This is an inherently implausible assumption, because there are too many Palestinians: at least 400,000 in Lebanon and 1.3m on the West Bank, not to mention those living as second-class citizens in Israel, and those scattered throughout the Arab world. Whatever happens to the PLO as an organisation, it seems bound to have a successor of some kind, and the Palestinian people will remain a permanent factor in the Middle East equation.

Problem

Moreover, if significant numbers of Palestinians are displaced to Syria or Iraq, it would seem inevitable that their politico-military policies would be even more strongly aligned on those of these two hard-line states, than they are at present under the relatively moderate leadership of Mr Yassir Arafat.

The central problem in the Middle East is not, and has not been for some years, any direct military threat to Israel from any of the neighbouring Arab states, but the problem of the Palestinian people: what is required to deal with that central problem is political, not a military, process, which will eventually give them a permanent home. This principle was implicit in UN Resolution 242, which called on Israel to withdraw to its pre-1967 borders: it was more explicit in the Camp David agreement to which Israel is a party; and it is explicit in the position of the European Community.

Political

Even to start such a political process would require a major change of attitude among the Palestinian leadership, and an even bigger change of attitude in Israel. The international community, for its part, must be prepared to go further than it ever has before in guaranteeing Israel's security on the ground. The process cannot even start so long as Israel continues to believe that its security lies exclusively in the exercise of military might and the steady extension of its effective frontiers, or so long as the U.S. administration appears tacitly to endorse the strategy of Mr Begin.

Fixing pay in the Civil Service

THE TERMS of reference of Sir John Megaw's committee of inquiry into Civil Service pay came dangerously close to demanding that all possible circles be squared. Among other things the committee was to have regard for efficiency and fairness, the orderly conduct of government business and the need for the Government to reconcile its responsibilities for the control of public expenditure and its responsibilities as an employer.

No group of people entrusted with the job of making recommendations on the principles and practice of pay determination in the non-industrial Civil Service can expect to win wholesale support for their findings in the present economic climate. The task is more difficult than that of the Priestley commission which provided the blueprint for the system that has operated over the past quarter of a century.

The Megaw report should be judged on straightforwardly practical criteria. Do its recommendations offer a plausible, workable alternative to the status quo?

Bargaining

In our view its main recommendations do indeed represent an important step in the right direction. In Civil Service pay bargaining there is little real alternative to a system based on comparability. The trouble with the form of comparability introduced by Priestley was that it was not adequately adjusted to allow for efficiency. Governments were inclined to override it whenever the public sector borrowing requirement demanded, as the present one did last year with such disruptive and costly results.

What Megaw calls for, in effect, is a refined system of comparability in which the comparisons are made exclusively with the private sector and then adjusted on the basis of market-related principles to build in efficiency. The governing principle is that Civil Service employees should be paid enough, taking one year with another, to recruit, retain and motivate them to perform efficiently the duties required of them at a suitable level of competence.

In practice that means a system of "informed collective bargaining" in which a new Civil Service Pay Information Board would play a crucial part. Instead of using the Pay Research Unit, the new board would delegate the job of making comparisons to leading firms of managing consultants. It would then establish each year the trend of increases in pay in the private sector pay round and this information would be cross-checked every fourth year by a review of total pay.

Questions

On the basis of this analysis the board would establish a range of pay increases for various groups within the Civil Service. Negotiations would then take place between government and unions on where, within this range, the pay increase for a particular group would fall. The main elements in the bargaining would cover recruitment and retention; the financial and economic background; efficiency and productivity; and conditions of service and fringe benefits.

The scope for argument about pay itself would thus be tightly circumscribed. But productivity and efficiency questions take an important place in collective bargaining and the report recommends, in addition, that performance-related pay should be introduced at all but the most senior levels.

Any move away from a system in which civil servants can look forward to automatic pay increases to one in which comparisons are market-related and where due attention is paid to merit is bound to be welcomed by the Government. Whether the system will work, however, depends heavily on the readiness of both the Government and civil servant unions to give it a chance.

Minority

A minority report by Mr John Chalmers argues that predetermined cash limits are impossible to reconcile with a free system of pay bargaining. If, as Megaw recommends, the Government does not reveal the pay factor in its cash limits, but does take into account realistic assumptions based on what is happening in the private sector, that need not be so. The point is that pay assumptions should help in the setting of cash limits, not the other way round. If the Government ignores that fundamental principle, there will be yet more dissatisfaction and disruption in the Civil Service at high cost to all of us.

CIVIL SERVICE PAY

Subtle steps in the minefield

By Philip Bassett, Labour Correspondent

THE GOVERNMENT was yesterday formally handed the latest attempt to solve one of the most difficult problems which has beset all British governments since the war—how to set wage levels in the public sector.

All previous efforts to reconcile the Government's two roles—its responsibility to the national economy and its responsibility as an employer—have foundered, sooner or later.

The latest attempt—the recommendations of the Government's inquiry into the pay of 530,000 white-collar civil servants—may be more considered and subtle than many of its predecessors. But it has taken no time at all for the leaders of Britain's 4m public service workers to attack the proposals as just another blueprint for a "backdoor" pay policy.

Publicly, the Government does not accept this. Sir Geoffrey Howe, Chancellor of the Exchequer, speaking on the eve of publication of the inquiry's report, said that just to get new negotiating machinery for civil servants would be an achievement in itself. Extending its principles to other groups was a separate issue.

But he acknowledged that the Government is looking for some long-term pay system for other groups—the nurses, for example—and Sir John Megaw's inquiry is going to have a considerable bearing on this.

Privately, many Ministers concerned with public sector pay agree on the importance—and probably the far-reaching significance — of the Megaw report. Some go so far as to regard it as the best chance yet of a solution to the problems of public sector pay.

The inquiry was set up 12 months ago as part of the settlement of the lengthy, bitter and costly strikes over pay by civil servants which eventually lost the Government more than £500m in revenue.

Since then, in 39 separate meetings, and at a rough cost of £160,000, the inquiry has examined almost 250 pieces of evidence. As well as evidence from obvious parties — the Government and the unions—the inquiry examined submissions from bodies as diverse as

Civil servant pickets during last year's dispute: will the Megaw report mean smoother negotiations?

GEC, British Rail, Ford, ICI, Lucas, the Prudential, the clearing banks—and even the Cornwall Industrial Development Association.

The variety of the interested groups shows the importance of Civil Service pay—not just to the economy, though its costs are now running at £4.5bn a year—but as an example to other workers of how far the Government, in urging pay moderation, is setting its own house in order.

In the first instance, the new system is directly applicable to the Civil Service. But it has clear implications for two other large groups of workers:

National Health Service. Part of the settlement of the current NHS pay dispute may well involve hospital ancillary workers as well as nurses being included in a long-term study of how their pay should be effectively taken out of the area of industrial conflict.

A confidential memorandum by the *Department of Health* and Social Security to the first meeting of the committee looking at nurses' long-term arrangements states clearly of the Megaw committee that "although their recommendations will of course be immediately related to the particular circumstances of the Civil Service, the Government will again not wish to come to any conclusions on the arrangements for nurses until they have received the committee's report."

Local government. The pay of Britain's 500,000 white-collar council workers was linked until recently to rises in the Civil Service. Some union leaders believe that local authority employers may table proposals for a new pay system from next year on the basis of the Megaw findings.

They point out that a system of job evaluation—central to the workings of the Megaw system—already exists in local government, and that a central Pay Information Board as proposed by Megaw could easily be extended to cover local government and would probably *be welcomed by the* Local Authorities' Conditions of Service Advisory Board.

There seem to be five main areas of the report which could have far-reaching consequences for public service pay determination.

● Cash limits — The inquiry acknowledges that it had to consider the interaction between cash limits—the financial constraints imposed by the Government on the public service which normally include a specific pay provision—and pay settlements. But it ducks the issue of how to resolve this contradiction.

● Arbitration — The Government, in November last year, analysed the arbitration arrangements for all pay bargaining groups in the public sector. The conclusion of the confidential Cabinet committee studies was that "the main defect in many current arrangements is that they provide unilateral access to arbitration; and that this right should be re-negotiated or if necessary withdrawn."

So far, the Government has *had little success in this*, but following a high arbitration award for the gas industry this year, it is looking at the issue again. The recommendation of the Megaw committee to withdraw unilateral access gives considerable support to the Government's line.

● Cooling-off period — The Megaw inquiry reintroduces into the public sector the idea of an enforced pause before industrial action. This was last tried out under the Heath Government's ill-fated Industrial Relations Act of 1971, but failed spectacularly when the National Union of Railwaymen voted to strike in a ballot after a cooling-off pause.

● Comparability — The report goes a considerable way towards resolving the Government's difficulties over public sector comparability, regarded by economic Ministers as an engine of inflation. It virtually restructures the system in a way that will clearly prove attractive to other employers for whom the tail-chasing whirligig of annual pay comparisons has increasingly become a major headache.

● Job evaluation — As part of the process of comparability, the Megaw inquiry favours factor analysis. This involves identifying key areas of jobs, such as skill and responsibility, and comparing these elements with those in jobs outside. It disregards job-for-job studies—comparing whole jobs with similar jobs outside.

The system of job evaluation used for this factor analysis would be operated by outside management consultants. The committee suggests the system to be adopted should be that currently operated by such major consultants as Hay-MSL and Inbucon, both of whom were closely involved with the inquiry.

The system can be adapted to operate elsewhere. Indeed, in its Megaw evidence, Inbucon specifically suggested extending the arrangements to form a National Pay Data Bank, which it said could be used for such groups as teachers, the police, and firemen as well as Civil Servants.

An odd and for the Government potentially embarrassing element of the report is its relationship to the views of the Clegg Commission. Professor Hugh Clegg, chairman of the Standing Commission on pay comparability which was scrapped soon after the Government took office, gave no evidence himself, but some of Megaw's recommendations follow closely suggestions put forward by Clegg in his last report.

The Megaw recommendation also pose a number of practical problems. For instance, to avoid uprating — operating a form of pay indexation — the inquiry suggests basing comparisons on private sector deals between August and February. However, relatively few deals are struck in that period, for some unions, 70 per cent of previous comparators would be excluded.

It suggests that any long-term catching-up should be spread over a period of years on top of normal settlements; in practice, such a suggestion would be unlikely to find political acceptance.

The Government seems likely to accept most of the Megaw proposals. However, the committee's failure to square the circle of cash limits and pay comparability means that the thorny question of public sector pay is far from resolved.

HOW OTHER COUNTRIES DETERMINE PUBLIC SECTOR WAGES

The new system of Civil Service pay that Britain is likely to adopt has parallels with civil servants' pay arrangements in other countries. A study published yesterday by the Megaw inquiry notes that in all systems, comparisons play a part.

The inquiry's report notes, too, that "in most countries the system for determining Civil Service pay seems to come under pressure in times of economic difficulty." The influence of negotiations and the unions varies from almost nothing (Netherlands) to very considerable (Canada and Denmark).

Civil servants in Britain do not have a specific right to strike — nor do any other workers — but they are protected by a range of legal immunities. Civil servants in Germany, Denmark, the Netherlands and the U.S. do *not have the right to strike;* in Italy they do. In Canada and France they may strike, unless staff are essential for the safety and security of the public.

Civil servants in France, Italy, the Netherlands and the U.S. have no provision for arbitration. In Canada, arbitration is allowed, and is binding. In Denmark the arbitrator is Parliament, and in Germany there is a non-binding arbitration scheme which is rarely used.

The main points of foreign pay systems are:

● U.S. Department of Labour prepares comparisons data annually. Pay data collectors recommend to Congress pay rates based on this, which can be, and often are, superseded by pay rates from the President. Last year, Mr Reagan put to Congress major pay changes: a 6 per cent cut to take account of job security etc., and provision for pensions to be taken into account. Budget proposals for 1983 announced withdrawal of these, in favour of a full-scale review of pay determination similar to Megaw.

● Germany. Two main types of civil servant: "Beamte" (with job security, index-linked pensions) and "Angestellte" (less favourable conditions). Salaries of Angestellte negotiated first, taking comparisons into account; salaries of Beamte then determined by Act of Parliament, taking into account new Angestellte rates.

● France. Despite a complex points-value pay determination scale, pay is in practice aligned with price movements. Allowances and discretionary bonuses add considerably to rates, particularly for higher civil servants.

● Italy. Pay negotiated, taking into account comparisons with outside pay. Salaries are then linked to index of price changes.

● Denmark. Biennial pay deals. Use is made of comparison data in negotiations, carried out in parallel with those in private sector. Between major deals, provision is made for increases in cost of living and private sector wage drift.

● Netherlands. Twice-annual pay adjustments. First is based on forecasts of private sector wage trends. Second, six months later, brings salaries into line with private sector pay movements over previous 12 months.

● Canada. Independent Pay Research Bureau provides comparison data for negotiations—but either side may ignore it. Unions tend to use price indices, Government the comparisons.

● Australia. Wages are regulated at six-monthly intervals for all sectors of the economy. Much-disputed system. Last year the body running it—the Australian Conciliation and Arbitration Commission—decided on an automatic annual pay increase of 80 per cent of consumer price increases.

Men & Matters

Cluff's decade

Cluff Oil was 10 years old yesterday—and though it has not yet tapped a really big gusher, the lanky founder and chairman, "Algy" Cluff has earned quite a bit of money as well as admiration in the industry for his persistence.

Not, as someone once said of the snappily-tailored ex-Guards and banking entrepreneur, "a regular oil chappie," but one who has built a £30m international company from an initial block of North Sea licences.

Quite apart from the politics, the business has changed dramatically since he thrust his way into it at the age of 31. "In those days, investors assumed that everyone in the business would become a millionaire; now they proceed on the basis that you will become an instant bankrupt."

The truth, as always, is somewhere in between. But as far as the North Sea goes, Cluff says, regretfully that investors are losing interest.

Ever since Tony Benn—"who certainly accelerated our move elsewhere" — British governments have failed to make the most of the North Sea potential, Cluff complains.

If he were to strike it rich there, he says, "I would name the field Urquhart after the man who died laughing when he heard the news of the restoration of Charles II."

Cluff Oil's future lies increasingly abroad, he says. Perhaps the most exciting prospects are in the South China Sea—if the licence terms which he is currently examining offer enough encouragement for exploration.

The company will remain primarily an exploration concern, Cluff tells me. Apart from interests in developing oil technology, there are no plans for diversification.

Nor, having bought himself an island in Poole Harbour in 1980, and The Spectator last year, has he any immediate plans to diversify his personal interests. "Though if The Spectator became a tremendous financial success, I might consider expanding in that direction," he says.

Accountable

Jeffery Bowman's career has turned out to be quite unlike anything he originally had in mind. He was interested in science, half decided to be a doctor, took a law degree at Cambridge, and then joined accountants Price Waterhouse as an articled clerk "to broaden my background and see what the business world was like."

That was in 1958. Now, at the age of 47, he takes over as PW's senior partner, effectively chairman and chief executive of the policy committee elected from the firm's 170 partners.

"I just found that I enjoyed it," he says in simple explanation of his decision to stay; and the ensuing climb to the 21st floor of the tower block over London Bridge.

Though he has held a number of senior posts in the firm since he became a partner in 1966, Bowman has stayed in the auditing and accounting mainstream.

He led the investigation into Pergamon's profits during the battle for control of the company in 1970 between Leasco and Robert Maxwell; on occasion, taking evidence from Maxwell with one hand, so to speak, while beating him at chess with the other.

It was Bowman, too, who helped Belfast shipbuilders Harland and Wolff to get its first £3m of state aid from the Northern Ireland government. "But that's a sad story."

Though such experiences have made him a firm opponent of sporadic attempts by the EEC to divorce the accountant's role as auditor from that of adviser.

A member of the Accounting Standards Committee, Bowman also stoutly supports the experiment in current cost accounting. The opposition that has arisen may be partly due to a failure of communications within the profession, he says. "But the opponents have no alternative to suggest. We must have some system that takes account of inflation. The old method just did not give a true picture."

Back shift

The miners' decision earlier this week to move their headquarters out of London, with its tendency to prostitute union leaders—as one delegate put it — is causing great flurries of excitement among local authorities in the coal fields.

First prize for advanced socialist planning goes to Doncaster, which sent a team of large young men in T-shirts to mingle with the Morning Star sellers at the National Union of Mineworkers' annual conference in Inverness, handing out leaflets proclaiming Doncaster as the natural new home for the NUM.

The present building at 222 Euston Road is being shaken to bits by heavy traffic and is anyway too small for the expanding services offered by the union.

The Doncaster leaflet, prepared in anticipation of the decision on Tuesday, congratulates the delegates on the wisdom of their vote and tells them that the town has three cinemas, a theatre, lots of pubs and clubs, real ale and a third division football team.

One feature, however, may not find favour with Arthur Scargill, the unions president. The leaflet refers with evident pride to the famous Doncaster race course — "a group one course with few equals anywhere"—which was a favourite resort of Lord Gormley, the past president.

Gormley is Scargill's least favourite union leader and the conference passed a motion which effectively censured the newly-ennobled Joe soon after they had voted to move away from the flesh-pots of London.

African envoy

There is a strong tip that Algeria's next ambassador to London will be Redha Malek. The name may not be familiar outside diplomatic circles—but it certainly commands respect and affection in Washington where he has been ambassador *since 1979 and played a key role* in the release of the U.S. hostages from Tehran.

Malek's appointment would be a clear indication that Algeria wishes to upgrade its relations with Britain. Aged 52, a veteran of the war of independence against France, he is one of his country's most distinguished diplomats.

Malek edited the Front de Liberation Nationale's daily El Moudjahid when it was printed in exile in Tunis between 1957 and 1961; and he became the spokesman for the Algerian Provisional Government (GPRA) during the negotiations which led to independence 20 years ago.

From 1970-77, he was ambassador to Moscow where he and his family — his wife is a cousin of Algeria's Foreign Minister — with characteristic application all learned to speak Russian.

Malek always appears to be doing more jobs than one. While in Moscow, he also wrote the Algerian National Charter which is widely regarded as one of the foundation stones of modern Algeria.

Credit note

Buy Midland Bank shares, a colleague recently returned from Los Angeles advises. A placard hanging next to the Hope Street offices there of Crocker Bank — Midland's North American subsidiary — proclaims "Jesus Saves."

Observer

ECONOMIC VIEWPOINT

A framework for a stimulus

By Samuel Brittan

THERE IS said to be an argument in the Treasury and the Bank of England between those advisers who want to take a risk with the exchange rate in order to reduce British interest rates and those who believe that a strong pound is an essential prop in the battle against inflation.

Those who want to reduce interest rates are thinking not only of the direct stimulus that lower interest rates would provide for activities such as stock-building and construction. Some among them also think that a lower pound would in itself be directly useful for the boost it would give to competitiveness.

Readers will have no difficulty in imagining for themselves the slogans used on either side of this argument. My own view is that it will never be resolved at the level of policy instruments and a shift is needed to the level of policy objectives.

Interest rates, exchange rates and fiscal policy are all instruments for influencing *demand*. It is not a bit of good becoming bogged down in an argument about means until we have made up our minds in which direction to exercise this influence. Some City and Conservative enthusiasts try to say (a) that we do not need a demand stimulus and (b) that interest rates must be lowered—as if the second were not above all a means to the first. This is a mirror image of the error of the U.S. Reaganites who argue on the fiscal side.

What is the main insight that should have been gained from the so-called "monetarist" counter-revolution? Not some dubious and ephemeral technical monetary proposition, but the much more important warning that it is impossible for governments to spend their way into target levels of output and employment irrespective of what is happening to wages and prices.

What is the main insight which we can retain from the Keynesian revolution at a policy-making level? It is that governments and central banks have a responsibility for stabilising the growth of *monetary* demand—that is total cash spending or Money GDP.

Jeremy Bentham once said that the opponents of the "Principle of Utility" ("the greatest good for the greatest number") were themselves unwittingly using that very principle in their arguments designed to refute it. Similarly nearly every rejoinder I have read to the proposal for a Money GDP objective contains statements which take this measure for granted as a criterion for stabilisation policy.

The matter is of immediate and practical relevance. Between 1979 and 1980 Money GDP was rising at average rates of 16 to 18 per cent per annum. Talk of inadequate demand or stringent financial policy rang very hollow during this period. Now, however, the Central Statistical Office has announced and highlighted the fact that Money GDP rose by only 10 per cent in the year to the first quarter of 1982. We now therefore have a genuine policy choice.

In the Budget "Red Book" a growth of Money GDP of 9½ to 10 per cent was projected for 1982-83 and a rate of only a couple of decimal points less was projected for 1983-84.

There is clearly a danger that money national income will grow by less than projected. There are many official hints that this year's inflation rate will be lower than the official forecast of 9 per cent. Let us put it at 8 per cent (which might be 7½ per cent on the "GDP deflator"). It also looks from CBI surveys and other evidence as if output will grow by between 0 and 1 per cent instead of the 1 to 2 per cent originally forecast by the Treasury. Putting the two sets of estimates together the most likely growth of Money GDP in fiscal 1982-83 could be somewhere around 8 per cent.

These seemingly precise figures are of course shorthand. What they really mean is that instead of the originally projected range of 8-12 per cent (which, not by coincidence, was also the objective for the different measures of the money supply) a growth rate for money GDP of 6 to 10 per cent is more likely. Even then the difference would not be worth bothering about, were it not that unemployment—even in terms of seasonally adjusted figures—is already nearly 3m and still rising at a rate of at least 30,000 a month: and there is no comfort to be drawn from vacancies, which are no higher than last autumn.

In unadjusted headline terms, the "shock" figure this July, when the school leavers arrive on the register, could easily be "Unemployment nears 3¼m" bringing the Government's second post-Falklands honeymoon well and truly to an end.

This is not a time to run any risks on the side of deficient demand growth; and it would be quite consistent both with "sound money" and new style Keynesianism for the Government to make its 10 per cent Money GDP growth projections if not into a target (a word which conjures up ridiculously precise expectations) at least into an objective for, say, the average of the next two years.

In other words it would be saying: "We will do our best to ensure that if inflation does drop to 7 or 8 per cent then output will rise by 2 or 3 per cent. If inflation were to fall to 5 or 6 per cent output growth would rise towards 4 or 5 per cent. This is not something we can achieve quarter by quarter, or guarantee at all, it is a trend towards which we can work." The other side of the coin is that real growth depends on wage and price moderation; the government's undertaking would be limited to money flows over which it does have an influence.

Obviously I am suggesting a stimulus (for the first time in well over a decade) but in *the context of a reaffirmation in convincing and comprehensible terms of the Medium Term Financial Strategy (MTFS)*.

It would be all too easy to give a stimulus which was more than offset by pay and price increases — thus worsening instead of improving real demand and employment. A £2bn stimulus to monetary demand outside the context of the MTFS may be dangerously large, while a £5bn boost set convincingly in its context, might be well within the safety margin.

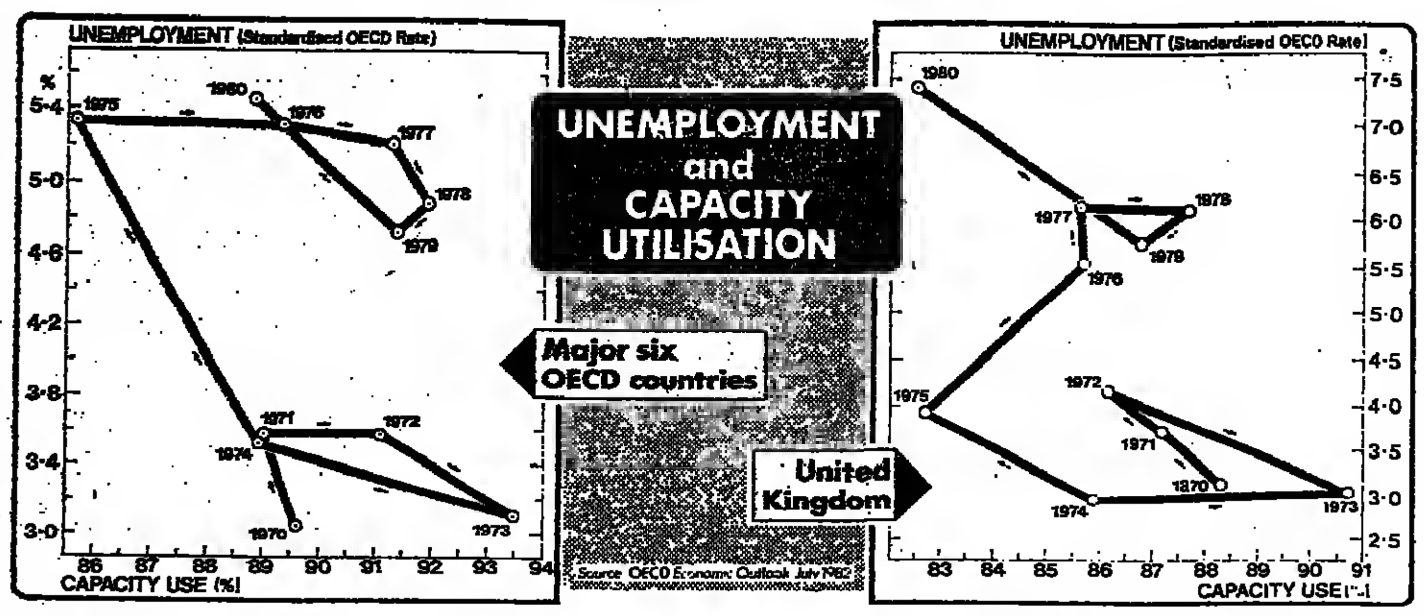
This last figure includes the demand-boosting effect of any interest rate reduction; and any citation of it without reference to the overriding importance of staying within the MTFS framework would be a cynical and politically motivated misrepresentation.

The possible stimuli fall into three classes: public expenditure or public works measures, which on some very mechanistic calculations provide the largest numbers of jobs; the interest rate-exchange rate measures canvassed in financial circles, and indirect tax cuts either of a VAT kind or of the employers National Insurance Surcharge (NIS).

Priority should of course be given to measures with a long-term employment-increasing potential. Interest rate reductions on their own may well stimulate labour-saving rather than labour-using investment. Moreover to the extent that interest rate reductions bring down the exchange rate, they will have an unfavourable impact on domestic prices and on inflationary expectations, and thus fritter away the boost to monetary demand.

Labour-using investment will be encouraged, as the OECD points out, by anything which reduces labour costs either relative to capital costs or relative to value added. This seems to argue strongly for the VAT-NIS range of measures. In contrast to exchange depreciation, they have the advantage of reducing prices and inflationary expectation and thus encouraging wage moderation.

It would be possible for a full year revenue cost of £3bn either to abolish the remaining 2½ per cent NIS completely or to reduce VAT from 15 to 12 per cent. The latter would reduce the RPI by 1 to 1½ per cent overnight and bring 6 per cent inflation within sight. The Chancellor's very sensible desire to abolish the annual wage round and make pay increases depend on individual circumstances might then no longer be a pipe-dream. Either measure should be affordable within the context of a reaffirmed MTFS providing for a 10 per cent growth of Money GDP, so long as interest rate cuts do not go much further than those already in the pipeline.



Bob Hutchison

The high level of real interest rates is one among several pieces of evidence suggesting a shortage of potential capacity. The two "oil shocks," other changes in input prices, technical progress, and shifts in the composition of demand have all made a good deal of existing plant and equipment obsolete. The rise in the labour force in many countries has increased the capital shortfall compared with what is required for full employment.

The chart shows how, both in Britain and in the six main countries of the OECD combined (the U.S., Japan, Germany, France, Italy and the UK), a given degree of capacity utilisation has been associated with successively higher unemployment rates. Far instance, an 82½ per cent degree of capacity utilisation was associated in the UK with an unemployment rate of 4 per cent in 1975, but one of 7½ per cent in 1980.

Thus the main bottleneck in the way of expansion may no longer be skilled labour, as in the past, but lack of adequate physical capital. The OECD concludes that an economic recovery which brought a return to past levels of capacity utilisation would not be sufficient to absorb the labour market slack.

The capacity index is based on a direct calculation by the OECD, based on factors such as past investment and relative price changes. It is not derived from business surveys.

Lombard

Palestine—an idea which will not die

By Alain Cass

THE ISRAELIS have destroyed much of Tyre and Sidon and are now at the gates of Beirut in a blitzkrieg called "Peace for Galilee." The Palestinians have been smashed as a fighting force and Israel, the unchallenged superpower in the area, is poised to impose its will on the Arabs. What do the Israelis hope to achieve?

There seem to be three major objectives. The first is to recreate a stable, unitary and neutral Lebanon as a buffer. The second is to demoralise the Arab extremists who oppose Israel's right to exist.

The third is to destroy the Palestine Liberation Organisation's standing on the West Bank and encourage the emergence of an alternative Palestinian leadership with which to negotiate a "soft" autonomy agreement. Let us examine these options.

Rebuilding Lebanon: the idea that this charming but wholly artificial entity created in 1920 by the French was a haven of sectarian coexistence before the Palestinians arrived in the early Seventies is a fiction to anyone who knew it.

Exploited

Lebanon, for all its virtues as a blend of east and west, was shot through with inequalities, corruption, religious tension and political extremism. It was dominated by the Maronite Christians who set themselves apart from the Arab world. It was exploited by the Arab world as a playground for their petty rivalries. The Lebanese army was always, and remains vulnerable to sectarianism.

The Palestinians, unwelcome though they were, were merely a catalyst for the 1975-76 civil war. Removing them will only remove one source of tension, not the root causes, which are now more deeply embedded than ever in the Moslem and Christian ghettoes.

Isolating the extremists: what the Israelis are doing in Lebanon can only create more extremism. The orphans will queue up to join whatever new organisation offers instant martyrdom. Elsewhere what remains of the PLO will regroup more determined, more desperate and therefore more dangerous, still. The Palestinians will have no weapon but terrorism left to make their point.

It is also likely to be more, not less, difficult for the moderates in the Arab world openly to support peace with Israel however much they may secretly approve of the PLO's wings being clipped. Palestine is to every Arab government what a United Ireland is to a Republican — an indispensable article of faith.

Unstable

The Arab world is chronically unstable. What government, far less those with large Palestinian populations, can now afford to negotiate over the smoking ruins of Beirut? As for the West Bank, what hope is there for the life of a Palestinian who now deals with the Israelis?

There is another factor, a new one. Iran, under the ayatollahs, was the only country to have sent a contingent to fight alongside the PLO in Lebanon. An eventual "Jihad" — a holy war — against Israel in which Iran and the Arab world set aside their admittedly profound differences can no longer be entirely excluded.

The fact is that the Israelis are not out to make peace but to buy time. They are, understandably, preoccupied with their own security; they are also convinced that Israel's continued existence and Palestinian self-determination are mutually incompatible. In this light their actions in Lebanon have a certain, brutal logic.

But eventually time will run out and the thorn of Palestinian self-determination will have to be grasped. The Palestinians, like the Jews, will be back because they have nowhere else to go. This is because Palestine, like Israel before it, is an idea. And Mr Begin of all people, should know that you cannot kill an idea.

Letters to the Editor

Potentially misleading historical information

From Professor Walter Reid

Sir,—In making decisions and measuring performance, managers and investors make use of information which may be expressed in physical volumes, in cash flows or, especially where many transactions are aggregated, in the form of accrual accounting numbers. When prices are stable the signals given, over time, by the different measures are consistent. Under inflationary conditions the volume and cash flow measures remain current but historical cost accounts contain a mixture of current and non current data and give signals which can easily confuse users. This problem is widely recognised and, following lengthy debate, SSAP 16 was introduced which requires large companies to publish at least supplementary current cost information. Both in this country and in the U.S. experience is being gained in the preparation and use of current cost accounts. As knowledge about the practical application of the new accounting rules is gained, the problems which are being experienced will be resolved and revised accounting standards reflecting the needs of different kinds of businesses can then be developed.

This is a challenging period for all those who are involved—accountants, managers and other users of accounts—and it is both surprising and depressing that a group of accountants within the Institute of Chartered Accountants should at this stage propose a resolution calling for the immediate withdrawal of SSAP 16. They offer nothing in its place. They appear to be content with potentially misleading historical cost information.

I can only hope that the accounting profession which in the past has shown great ability in developing and adapting accounting systems to cope with the increasing complexity of the business environment will show its strong disapproval of this negative resolution by rejecting it by a substantial majority.

Walter Reid,
Professor of Accounting and Financial Control,
London Business School,
Sussex Place,
Regent's Park, NW1.

Taxation and North Sea gas

From the Chairman and Chief Executive, Shell UK

Sir,—In your leading article, "A Tax Regime for North Sea Gas" (July 2), and in your story, "Norway likely to react to North Sea gas tax move" (July 7), you state that Shell and Esso have been given special tax concessions because they threatened to cancel the Mossmorran petrochemical project. This is not so.

The fact is that the 1975 Oil Taxation Act was found to be inadequate when dealing with transfers between affiliated companies of petrochemical feedstock such as ethane, since the Act stipulates monthly valuation as the pricing basis for such transfers, whereas any such deals between independent companies would undoubtedly be based on long-term price formulae. Had this anomaly not been corrected it would have been impossible for integrated oil/chemical companies to develop petrochemical schemes based on such feedstock.

The change now proposed makes it possible for such companies to use a contract price for taxation purposes, provided this price is accepted by the Inland Revenue as equating to one which would be charged in a long-term, arm's length transaction between an independent buyer and an independent seller. Anyone who knows how the Revenue operates to protect the national interest must find the idea that such a clause gives some kind of special concession rather strange.

Your leading article also refers to the gas-gathering pipeline, for which you appear to have a lingering sympathy. I do not share your confidence that the scheme was the right one either for bringing gas ashore in the most economical way or for providing a firmer footing for the UK petrochemical industry. To my mind projects such as the FLAGS and FRIGG systems now being developed by the oil industry offer a better means of achieving these objectives.

John Raisman.
Shell-Mex House,
Strand, WC2.

Trees versus Sheep

From Mr John Campbell

Sir,—As a forester with a family farming background, I look forward to reading John Cherrington's regular comment under "Farmer's Review." Sadly, his latest contribution "Taking Stock in the Hills" (June 25), tends to emphasise sheep *versus* forestry, when those of us who know the Esk valley and the Scottish borders and the co-operation which now exists between farmers and foresters, much prefer to think of "sheep and trees." Both forestry and hill farming are recognised as requiring EEC and Government subsidies within a consistent policy. To suggest that forestry investors have forced up the price of marginal land is merely to admit that there are those who feel that the growing tree is a sound investment.

At present in spite of the prospects for sheep meat from the hills — and we all admire the pioneering work of men like Capt. Bennett Evans on Plynlimon, there is still more marginal land available than forestry interests could absorb for planting. A forester's viewpoint might claim that had it not been for forestry in the Esk valley, the local school would be closed. Indeed, this particular geographical area could well become one of the most efficient forests in Europe, making a very significant contribution to reducing the huge £3,000m per annum import bill for timber and wood products. In referring to New Zealand in a farming context, it may interest readers to know that the future development of many regions in New Zealand will be significantly influenced by the increased forest planting which has taken place during the last two decades. Over 450,000 hectares have been planted in the last 15 years, expanding an industry which already employs over 40,000 people, and in 1980 contributed 9 per cent ($496m) of New Zealand's total export earnings. Surely we can work together in the hills to ensure that we make the best use of the land available in the interests of the nation and maybe we have some lessons to learn from our New Zealand friends who have both sheep and trees.

John Campbell,
Group Chief Executive,
Economic Forestry Group,
Forestry House, Great Haseley,
Oxford.

Misconceptions over profits

From Mr Michael Arnott

Sir,—With reference to your article "Profits: the great misconception," July 5, it is obvious things do not change.

In 1976 the Charles Barker Study for CBL was published and it showed that the British worker estimated company profits before tax at 30 per cent. It was even more depressing in the same study that a sample of 231 managers estimated it at 20 per cent. What chance does the shopfloor have when their managers are clueless?

Recent experience confirms that this figure has not changed much either.

In answer John Guilfoyle, president of ITT Europe, quoted in your article, the first thing the business community must do is to cultivate its own garden. Management education about how business works is a top priority. But courses do not provide the answer. The only lasting way to get the message home is for top management to make sure they talk regularly to their middle management about the business and so on down the line.

Michael Arnott.
Joint managing director,
Charles Barker Lyons,
30, Farringdon Street, EC4.

How consumers judge products

From Mr Graham Bannock

Sir,—Christopher Lorenz's interesting article on product design at Russell Hobbs (July 1) gives the impression that market research can inhibit marketing innovation and quotes the managing director of that company as saying that "it can deter one from being entrepreneurial . . . and will never give one inspiration for a new colour, shape or pattern."

That statement is far from the truth. It is fair to say that consumers judge products in terms of their existing experiences and preferences. They are not product designers and in general they are not aware of the full range of technical possibilities open to the manufacturer. Hence it is useless to ask consumers, through market research, to design a new or modified product for you.

This is where the entrepreneur comes into his own. Initially he can use market research to find out where the gaps are in the market and what consumer preferences are. But the entrepreneur then has to design the product in the light of market requirements, technological possibilities and available company resources. His design can then be tested and, if necessary, further modified by market researchers using product testing methods which are both quick and relatively inexpensive. Once they have seen a prototype consumers are excellent at telling you what they do and do not like, even if they cannot perform the design job for you.

Many products have been designed in this way, from durables like the Range Rover to consumables like confectionery. Market research is a tool to be used by product planners. Good use of research stimulates creativity and avoids wasteful expenditure on the production and distribution of unsaleable products.

Graham Bannock,
The Economist Intelligence Unit,
Spencer House,
27 St James's Place, SW1.

J. Waddington deeper in the red: payout cut 5.5p

A SHARP downturn in the second six months left John Waddington deeper in the red for the full year to April 3 1982. At the pre-tax level the group incurred a loss of £326,000, compared with £319,000 for the previous 53 weeks.

There was a swing in the second half from profits last time of £705,000 to losses of £652,000. Full year turnover declined from £48.3m to £44.15m, excluding figures from the Valentines group which was sold in October.

The dividend is being cut from 6p to 0.5p net per 25p share—the interim was omitted (2.5p). The directors say the payment of a small dividend is justified by the group's recovery prospects. Stated loss per share was 5.57p (3.64p earnings).

At the trading level the group, whose interests include printing and packaging, games, playing cards, and greetings cards returned profits of £807,000 (£467,000) again excluding the Valentines side.

Losses from games dropped from £2.3m to £200,000—reflecting cessation of losses from Videomaster and Waddington's U.S. subsidiary, which amounted to nearly £2.9m in the previous year.

The pre-tax figures were struck after taking account of £413,000 redundancy costs of (£207,000) and lower interest charges of £720,000 (£1.69m). Included in the comparable results was a £1.11m profit from Valentines.

A split of sales and trading profit or losses by activity shows: packaging and printing £31.38m (£34.35m) (£2.79m); and games £12.77m (£13.96m) and £20,000 loss (£2.32m loss).

Tax for the year took £56,000 (£574,000 credit) and extraordinary debits accounted for £382,000 (£255,000 credit)—the relocation costs of Subbuteo plus a £200,000 charge for the withdrawal of the successful game Bombshell following controversy when a bomb disposal officer lost his life in London's Oxford Street.

At the attributable level there was a loss of £925,000 (£264,000 surplus). Ordinary dividends will absorb £31,000 (£374,000).

● **comment**

Having finally stemmed losses on electronic games and in the U.S. Waddington ran into what most regarded as the worst Christmas for toy trading on record. Its impact was eased by good performance by traditional games lines and cost cutting—that did not involve redundancies. The biggest problems arose in the printing and packaging activities which now constitute the major proportion of the business. A downturn in demand for packs used for up market products and dumping by Continental producers led to severe pressure on margins and reduced market share. This situation is believed to be temporary and much of the group's capital spending of a little below last year's £2½m, will be devoted to new machinery for this division. Packaging demand has picked up recently and there should be gains from the division's manpower and other cutbacks. Also a move down market should aid games sales. But another rough Christmas is in view and with borrowings likely to remain unchanged at £6.3m, the interest burden will again be heavy. So hope of any significant improvement overall this year is slim. However, a new plastic can development among several promising new products, could take off dramatically if some normality returned to aluminium prices. Yesterday's disappointing results and the nominal dividend sliced the shares by 6p to 96p.

Ferranti forecasts another good year

AFTER PUSHING up profits by 31 per cent in 1981-82 Ferranti the electronics group, is forecasting further growth in the current year.

Mr B. Z. de Ferranti, the new chairman, says in his annual statement with the full accounts that "although we do not underestimate the difficulties of competition which we face at home and overseas we believe that 1982-83 will be another year of good progress."

In 1981-82 the group reported pre-tax profits up from £16.08m to £23.5m, after lower net finance charges of £142,000 (£2.07m). Turnover was 13 per cent higher at £306.9m.

The chairman says a strong cash flow in the second half resulted in a net cash inflow during the year and cash deposits exceeded borrowings at the year end. Deposits were £19.68m (£11.77m) and after borrowings there were net deposits of £3.19m (£1.04m). This position was achieved despite a total of £22m capital expenditure during the year.

At the year end there was further capital expenditure contracted for £3.74m and £8.85m was authorised but not contracted.

The chairman says the main electronics business achieved record levels of output and new orders and a trading profit increase of 36 per cent. The civil computer systems business, with an order increase of 40 per cent, was particularly encouraging.

Trading conditions in the engineering division, however, have been extremely difficult, and an increased loss, inclusive of redundancy costs, has been incurred. Economies and a higher level of orders mean that this division can look forward to improved results in the current year.

The chairman says that in the UK Ferranti GTE, a joint venture company, has been formed in partnership with General Telephone and Electronics Corporation of the U.S. to manufacture and market telephone equipment including PABXs. The chairman says this company has made excellent progress in its first six months and is well placed to take advantage of the liberalised market.

A professional revaluation of the group's properties at March 31 1982 disclosed a surplus over book value of £18m.

Meeting, Millbank Tower July 28 at 12.15 pm.

See Lex

Hollas finishes £0.7m lower

REDUCED second-half profits of £604,000, against £1.26m, left Hollas Group with a pre-tax surplus down from £2.12m to £1.41m for the year to March 31. Turnover fell slightly from £35.81m to £35.13m.

However, the directors of the textiles and man-made fibres concern are confident that the company will improve its profitability given even moderately helpful trading conditions.

The extra experience and skills of the management and design teams have resulted in much healthier order books than at this time last year, they add.

A final dividend of 2p means the total is effectively maintained at 3p. Earnings per 5p share are shown to have fallen from an adjusted 9.5p to 3.4p. Net tangible assets per share are effectively unchanged at 35p.

The tax charge rose from £232,000 to £375,000 and there is a £250,000 provision for ACT this time.

CCA pre-tax profits came through at £1.25m (£1.85m).

● **comment**

Five years of steady profit growth at Hollas Group has come to an end with a one-third decline in pre-tax profits. The fall in the value of the pound has hurt the Fortwell garment importing and distribution subsidiary by increasing costs. Fortwell accounts for the majority of turnover and a proportionately greater share of profits. Customers have been reluctant to pay the full rise in costs and while Fortwell's role as a middleman not carrying large amounts of speculative stock, has limited the damage, extra costs have had to be carried. However, the main problem lies with the Thrells household textile business. Most of the output goes through the depressed mail order companies and ironically margins have been cut by import competition. Since the year end, Hollas has closed its Yorkshire plant and reduced the Thrells manufacturing workforce from 380 to 180. The company's hopes for improved performance lie in producing better designed and more expensive products that will be less prone to price competition, and secondly waiting for the upturn in the shops. Capital gearing has fallen from 36 per cent to 22 per cent with a £2m plus cash inflow from last year's acquisition of Town and County. The shares rose 3p to close at 39p and yield 11.6 per cent.

Ashley's profits fall £0.2m

ALTHOUGH THERE was a return to profitability in the six months to April 30 1982 Ashley Industrial Trust reports pre-tax profits £201,000 lower at £191,000 for the year. The trading period, however, has been extended to cover the 17 months ending September 30, 1982.

A second interim of 2p net, together with the interim already paid, makes 3.5p per 25p share to date. For the year ended April 30, 1981, total payments were equivalent to 2.917p after adjusting for the one-for-five scrip.

Turnover for the year improved from £3.33m to £3.99m, but after-tax profits were down from £285,000 to £191,000. There was also an extraordinary debit of £10,000 (£27,000 credit). Stated earnings per share fell from an adjusted 9.44p to 6.32p.

At mid-year, the company reported a pre-tax loss of £61,000, against a £166,000 profit which excluded results of Thames Plywood Manufacturers.

Ashley, whose ultimate holding company is Choularton, is engaged in the manufacture of plywood and plywood products, the leasing of freight containers and retailing of lawn mowers.

● In addition to the 12 months results, the company announces that it has contracted to buy 50.99 per cent of Iver Film Services from Amalgamated Film Enterprises, a wholly owned subsidiary of Choularton. The consideration is 2m Ashley ordinary shares. The middle market quotation of these shares on July 1, 1982 (the date the contract was signed) was 36p.

As a result of the purchase, Choularton's interest will increase from 51.5 per cent to 70.9 per cent.

Iver has been engaged in the exploitation of film rights through the media of video cassettes since 1979. Pre-tax profits for the years to end September 1980 and 1981 were £40,152 and £154,895 respectively. Profits for the current year are forecast at £401,000.

Further progress seen by BPB Industries

THE SHORT term outlook for BPB Industries, the building materials, paper and packaging group, is for further progress, says Mr F. G. Flood, the chairman, in his annual statement.

However, he cautions that it would be unwise to expect rates of growth similar to last year, which included considerable elements of profit associated with re-adjustment and recovery from the first impacts of the recession felt in 1980-81.

As reported July 1, pre-tax profits for the year ended March 31, 1982 climbed from £42.1m to £56.5m, on higher turnover of £405.5m (£361.4m).

Current activity in the group's UK business indicates some further improvement in results in the short term. Paper and packaging are likely to remain difficult areas, but there is some expectation of a modest upturn in construction together with further penetration of the market by the building materials side.

Except in Canada, the group's overseas activities have all made a good start to the year, but little or no improvement in trade is expected for 1982-83 in most of the foreign countries in which BPB operates.

The longer term outlook for the group as a whole remains excellent. BPB is in a strong position to meet any increase in the market for building materials with much improved efficiency and the board continues to be optimistic about the future of the newer ventures.

Meeting: Ferguson House, 15-17 Marylebone Road, NW, July 30 at noon.

Reshaped Tesco plans peak £119m spending

FOLLOWING a major reshaping of Tesco Stores (Holdings) over the last five years the group is now "leaner and fitter" and in a position of strength for the 1980s and 1990s, says Mr Leslie Porter, the chairman.

During 1981/82 the group spent £93m mainly on new store development and refitting of existing stores and the capital expenditure of £119m planned for the current year will see the peak of the group's spending, says the chairman.

Net borrowings have been cut from £63m to £31m at the year end which together with lower interest rates have brought about a reduction from £15.7m to £8.8m in net interest payable. This helped to increase pre-tax profits from £35.6m to £42.7m in the year ended February 27, 1982. Sales rose from £1.92bn to £2.1bn.

Since 1977 the group has concentrated its resources in a £440m expansion programme. This has entailed the building of some 76 stores, company acquisitions and a refit and refurbishment programme. Mr Porter says that a change of emphasis has resulted in the closure of 273 of the smaller stores. The overall effect has been to increase selling area from 5.2m sq ft in 1977 to 7.2m sq ft, while reducing the number of trading units from 722 to 544.

Stockturn continued to improve during the year. While turnover increased by the equivalent of 11.7 per cent, year-end stock levels were only 4 per cent higher at £164.8m.

Meeting, Savoy Hotel, July 30 at noon.

Income rise for Anglo-African

PRE-TAX INCOME for the Anglo-African Finance Company rose from £87,295 to £173,013 in the six months to January 19, 1982, and associated companies' profits rose from £406,067 to £474,280.

Earnings per share are stated higher at 6.62p (5.17p). Tax took £36,700 (£17,000).

No interim dividend is to be paid again, but the directors consider that the company's profits for the year will be satisfactory and expect at least to be able to maintain the dividend. Last year a final of 1.125p was paid on each 7½p share.

The directors of this holding company with security dealing interests say that increased earnings for the six months reflect a reduction in share losses by its associate Dewhurst Dent and improved results from overseas associates.

However, overseas results are not expected to be as good in the second half, as they have been affected by a worsening economic climate.

Yearlings total £16.1m

Yearling bonds totalling £16.1m at 12⅞ per cent redeemable on July 13, 1983, have been issued this week by the following local authorities.

Great Grimsby Borough Council, £250,000; King's Lynn and West Norfolk Borough Council, £500,00; St Helen's Metropolitan Borough Council, £500,000; Torfaen Borough Council, £250,000; City of Norwich, £750,000; South Buckinghamshire District Council, £250,000; City of Liverpool, £2m; Dundee District Council, £500,000; Glasgow District cil, £500,000; Glasgow District Council, £1m; Manchester, £1m; Beverly Borough Council, £500,000; Camden Borough, £1m; Redbridge Borough of London, £1m; Congleton Borough Council, £350,000; Dudley Metropolitan Borough Council, £750,000.

Royal Borough of Kensington and Chelsea, £500,000; Barnsley Metropolitan Borough Council, £1m; Cynon Valley Borough, £500,000; Greater Manchester Passenger Transport Executive, £500,000; London Borough of Greenwich, £1m; Highland Regional Council, £1m; Preston Borough Council, £500,000; Test Valley Borough Council, £500,000.

Youghal Carpets warns on first-half trading

THE FIRST half year at Youghal Carpets (Holdings) will not be good, warns Mr Michael McStay, the chairman, and while every effort will be made to improve the second half, no guarantee can be given on this, he tells members in his annual statement with accounts.

The board's overall view of the long term prospects of this Cork-based carpet manufacturer is reasonably good, provided there is an early end to recession. Mr McStay says 1982 is not going to be any easier than 1980-81 and "It would be foolhardy to predict a return to profitability this year."

As reported March 27, the group made pre-tax losses of I£377,000 for 1981 (I£2.54m) with the hoped for climb-back to profits seriously set back by the economic depression in all markets.

The chairman reports that cost reductions have been achieved and productivity has been improved, but the company still has an excessive amount of overcapacity, which is expensive and will need adjustment if there is not an upturn in the near future.

The group's accounts show a reduction in shareholders' funds from £7.52m to £6.98m and in net current assets from £12.11m to £8.03m. Bank advances and loans were reduced to £9.79m (£12.17m).

Meeting, Youghal, County Cork, July 29, at noon.

A. RUSSELL

A provision of £75,000, compared with £63,000, was made by Alexander Russell for the employee share scheme in the year to March 31 1982. Because of an agency error the figure was given as £765,000 in Tuesday's edition.

THE TRING HALL USM INDEX
126.7 (+1.7)
Close of business 7/7/82
Tel: 01-638 1591
BASE DATE 10/11/80 100

LADBROKE INDEX
Close 550-555 (+1)

Technology Inv.

An unchanged dividend total of 4.3p net, with a maintained final of 2.7p, is being paid by the Technology Investment Trust for the year to May 31.

Stated earnings per 25p share are down from 4.34p to 3.99p, while net asset value is given as 212p (208p).

Revenue fell from £1.31m to £1.21m, before tax of £419,001 (£453,252). Gross revenue totalled £1.33m (£1.42m).

Ellenroad Mill

Attributable losses of Ellenroad Mill, spinner of cotton and man-made fibres, decreased from £139,068 to £59,056 for the year ended March 31, 1982, on a reduced turnover of £3.6m, against £4.04m.

Loss per 25p share was down from 8.54p to 3.81p. There was no tax (same). An extraordinary debit last time took £6,580.

The dividend is again omitted—the last payments were in respect of the 1978-79 year.

Ozalid Group

Ozalid Group Holdings, a wholly owned subsidiary of Oce-van der Grinten of the Netherlands, reports a pre-tax profit of £1.28m in the half year to May 31 1982, after losses of £2.39m in the comparable period last year. No tax is payable.

Operating profit for this holding company with interests in the reprographic industry was £1.4m (loss £2.07m), after depreciation amounting to £557,000 (£979,000). Turnover fell from £24.25m to £22.14m.

WHEWAY WATSON

Interest charges at Wheway Watson Holdings were reduced to £690,000 for the year to April 3 1982, against £892,000 previously. Because of an agency error, the figure in Tuesday's report was stated as £69,000.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Ashley Industrial 2nd int	2	Oct 8	—	—§	2.92*
Danae Invest ... 2nd int	2.4	Aug 27	2.4	4	4
Hollas	2	Oct 1	2*	3	3*
Technology Inv	2.7	Aug 26	2.7	4.3	4.3
J. Waddington	0.5	Sept 4	3.52	0.5	6

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM Stock. § 3.5p to date in 17 months period.

BIDS AND DEALS

Tenens offer for Crest Intl.

BY CHARLES BATCHELOR IN AMSTERDAM

Howard Tenens Services, the distribution and engineering group, expects to announce details this week of a share exchange offer for Crest International Securities, the property company.

The two companies yesterday announced that discussions were taking place. The shares of Crest, which are quoted on the Unlisted Securities Market, were suspended at 10.75p valuing the company at £3.8m. Tenens' shares closed 3p lower at 52p.

Three Crest directors, Mr Alec Stenson, the chairman, Mr Tom Farmer and Mr Ervin Landau will be invited to join Tenens' board and are expected to take a combined shareholding of about 15 per cent.

Tenens sees advantages in acquiring Crest in both the property and trading fields, said Mr Peter Morris, a director of Tenens.

"We have got a lot of property which is considerably under-utilised at the moment," he said. "We have been looking for the right sort of expertise to make sure that potential is used."

"But we are interested not least because Crest is involved in activities related to our trading activities, in particular the motor industry."

Tenens is a major reconditioner of engines for the motor trade.

Tenens doubled pre-tax profits to £308,000 in the half year to September 1981 on slightly reduced turnover of £9.29m.

Crest, which came to the USM in February 1981, reported sharply higher pre-tax profits of £606,898 in 1981 compared with £15,894.

Cadbury buying Reckitt's industrial supply group

Cadbury Schweppes has agreed to buy Reckitt and Colman's industrial supply operations in the UK, France and Ireland for £7.7m in cash.

The businesses involved trade mainly in floor maintenance equipment and products. They account for turnover of about £18m and employ 480 people.

The principal brands covered by the deal are the Shield, Vision, Hilight and Bourne Seal floor care products, the Ranger rotary scrubber machines as well as a wide range of floor maintenance equipment supplied by Advance Machine Company of Minneapolis.

Reckitt's contract cleaning interests are not included in the sale, the company said.

This disposal is in line with Reckitt's policy of selling off peripheral activities though this was the largest, said Mr David Clifford, the company secretary.

Other activities which have been sold include a wine business in Canada, a vinyard in California and potato processing plant in the U.S. Cadbury said it will integrate the activities in its Jeyes hygiene operation.

Merged timber group to pay 3.5p dividend

Meyer International, the new company formed to effect the proposed merger of Montague L. Meyer and International Timber, expects to pay a net dividend of 3.5p per share for the year to March 31 1983.

This would lift the gross dividend payable to Montague L. Meyer shareholders by 40 per cent and the distribution to International Timber by a quarter.

The new group would be backed by combined assets of £167.8m, of which £60m takes the form of non-distributable reserves, or 174p per share.

Lookers advises Braid acceptors to sell

Lookers, the Manchester vehicle distributor, yesterday took the unusual step of advising shareholders who have accepted its £3.58m bid for Braid Group to sell their shares on the open market.

This may be the only way for these shareholders to take advantage of Lookers' revised 58p offer since associates of Braid's board may be able to block the offer, it said in a letter.

Lookers urged the owners of 453,452 shares—7.6 per cent of Braid's equity—who had accepted its offer to withdraw their acceptances and sell in the open market before its revised offer expires on July 15.

Shareholders backing the Braid board control nearly 40 per cent of the equity, Lookers said. Lookers owns 28 per cent of the equity, which togeher with the acceptances, gives it the support of 35.6 per cent of shares.

"If the final offer fails, your acceptance would have to be returned and you would not receive your 58p in cash," Lookers said.

"Moreover, it is almost certain that the Braid share price would then fall dramatically, in view not only of Braid's appalling record and lack of dividends, but also because your board has still been unable to forecast profits for the full current year or worthwhile dividends."

Lookers move was "unusual" but did not amount to an admission that its bid for Braid had failed, said Mr David Anslow of Lloyds Bank International, advisers to Lookers. "There is certainly a chance of getting more than 50 per cent of Braid," he added.

BURT BOULTON

Shareholders of Burt Boulton Holdings have approved the scheme whereby the company is to become a subsidiary of Thomas Roberts (Westminster).

Subject to High Court sanction the scheme is expected to become effective on or about July 30.

At a separate meeting holders of the 6¾ per cent debenture stock 1984-89 of BBH held today approved the redemption of the stock.

Software stake for Murray Technology

Murray Technology Investments has bought an 18 per cent stake in packaged software company Intelligence (UK) for £370,000—putting a value of just over £2m on Intelligence.

The amount invested represents about 4 per cent of the value of the Murray Technology portfolio. The deal was arranged by stockbrokers Quilter Goodison.

Intelligence (UK) was formed in August 1980 with the aim of bringing serious business planning and control software to microcomputer users.

Mr Ashley Ward, Intelligence UK's managing director, says the injection of funds together with accumulated reserves, makes it one of the more financially sound companies in the microcomputer industry. The new funds will be used to develop further the company's product range.

Murray Technology Investments, run from the Glasgow offices of investment managers Murray Johnstone, is listed on the Stock Exchange. Funds under management total £9.75m.

MINING NEWS

East Dagga's three deals

BY GEORGE MILLING-STANLEY

THE NEW controlling interests behind the veteran South African gold producer East Daggafontein Mines have arranged several deals to increase the company's gold interests.

The three deals concluded will cost R1.2m (£605,000) in cash, with the balance of the various purchase prices being made up by the issue of 1.35m new shares, which shareholders will shortly be asked to approve.

Mr Adolf Lundin, a Swedish businessman based in Switzerland, controls at least 34 per cent of East Dagga, together with his associates. At the last annual meeting in April, the votes of this group secured the removal of all the existing directors and their replacement by nominees of the Lundin associates.

In addition, a 50-year-old relationship was severed when Anglo American Corporation's appointment as technical advisers and secretaries was terminated.

The latest deals involve the acquisition of all of Egoli Mining and Johannesburg Exploration and Mining from Egoli Consolidated Mines, for a consideration of R1.2m in cash and 1m new shares in East Dagga.

The companies concerned hold a surface rights permit and certain dump permits over gold-bearing slimes dams on the farms Modderfontein 76 IR and Daggafontein 125 IR. These dams contain an estimated 23m tonnes of material grading 0.4 grammes of gold per tonne, and 43m tonnes, grading 0.63 grammes per ton respectively.

The acquisitions bring East Dagga's total estimated reserves of gold-bearing dump material to 139m tonnes.

The second deal brought East Dagga's stake in Bonanza Gold Mines, which was set up in 1977 to conduct a small-scale mining operation on the company's land, to 38 per cent. A further 15 per cent was acquired from Southern Prospecting in exchange for an issue of 300,000 new East Dagga shares.

Southern Prospecting have also been appointed technical advisers to East Dagga.

For a further 50,000 new shares of East Dagga, the company has acquired an option over an interest in a slimes dam on the farm Daggafontein 125 IR from Transvaal Gold Recovery, which is owned as to 50 per cent by Southern Prospecting.

Given reasonable future strength in the gold price, the acquisitions could prove a useful addition to East Dagga's principal source of revenue since the cessation of underground operations in 1976, which have been royalty and tribute agreements with other mines, at present Grootvlei and Marievale.

The shares closed at 41p in London yesterday, 2p lower.

U.S. subsidiary for Wultex Machine

THE UK-REGISTERED Hampton Gold Mining Areas is to add to its new interests in the U.S. coal mining industry through the formation of a Pittsburgh-based subsidiary of its mining machinery manufacturer Wultex Machine Company.

Last month, Hampton Areas joined a consortium to produce coal in Pennsylvania from one of the biggest waste tips in existence, owned by Nesquehoning Coal Corporation.

Wultex, which is wholly-owned by Hampton Areas, is a leading supplier of armoured face conveyors, one of the three essential items of equipment for the longwall system of coal mining.

Initially, the U.S. subsidiary will supply equipment for investigation, Wultex has concluded that the U.S. offers an measuring the important ash content of coal, and it expects to introduce more of the company's products in due course.

A manufacturing facility may eventually be set up if market conditions suggest that one is required.

After several months of attractive market for its products, especially for devices for measuring and analysing coal.

Pittsburgh was chosen as the site for the new subsidiary's head offices because of its proximity to the big Pennsylvania coal mining industry, which produces 80m tons of coal a year.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims:—Imperial Group.

Finals:—Astra Industrial, John Booth (Bolton), British Building and Engineering Appliances, Courts Furnishers, Ocean Wilsons.

FUTURE DATES

Interims:—

Investors Capital Trust	July 13
Southvaal	July 22

Finals:—

Benn Brothers	Aug 11
Illingworth Morris	July 22
Oil & Associated Invest. Trust	July 15
TR Trustees Corporation	July 15
United British Secutities Trust	July 13
Vinten	July 19
Western Board Mills	July 12

SPAIN

July 7	Price %	+ or −
Banco Bilbao	325	−7
Banco Central	251	−8
Banco Exterior	231	−6
Banco Hispano	300	−8
Banco Ind. Cat	108	
Banco Santander	294	−9
Banco Urquijo	169	−6
Banco Vizcaya	333	−8
Banco Zaragoza	235	−1
Dragados	85	−4
Espanola Zinc	67	
Fecsa	54	−0.7
Gal. Preciados	26	
Hidrola	55	−0.2
Iberduero	43.2	−1
Petroleos	71	
Petroliber	91	
Sogefisa	6	
Telefonica	63.7	−1.3
Union Elect.	53.5	−0.3

LONDON TRADED OPTIONS

July 7 Total Contracts 2666 Calls 8181 Puts 475

Option	Ex'rcise price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP (c)	260	15	3	34	—	—	—	566p
BP (c)	280	5	56	14	3	22	20	,,
BP (c)	300	2½	10	8	—	14	4	,,
BP (c)	330	1½	—	4	2	8	—	,,
BP (p)	260	8	—	12	1	—	—	,,
BP (p)	280	18	6	24	8	28	—	,,
BP (p)	300	36	16	42	10	46	—	,,
BP (p)	330	68	—	68	45	70	—	,,
CU (c)	140	3	1	8	—	13	3	155p
Cons. Gld (c)	330	27	2	55	2	40	—	349p
Cons. Gld (c)	360	8	28	17	8	27	—	,,
Cons. Gld (c)	390	1½	—	8	1	14	—	,,
Cons. Gld (c)	460	1	6	3	—	—	—	,,
Cons. Gld (p)	380	20	—	27	2	37	—	,,
Ctlds. (c)	80	3½	20	9	1	12	—	78p
GEC (c)	900	140	3	155	2	175	—	£10¼
GEC (c)	850	90	7	110	3	140	—	,,
GEC (c)	1000	47	22	75	5	88	5	,,
GEC (p)	850	1	—	6	1	10	—	,,
GEC (p)	1000	17	22	33	2	48	—	,,
Gr'd Met. (c)	220	16	10	22	2	86	84	233p
Gr'd Met. (c)	240	8½	—	8½	19	13	—	,,
Gr'd Met. (p)	220	4	—	10	—	13	84	,,
Gr'd Met. (p)	240	13	3	19	—	23	—	,,
ICI (c)	300	12	—	24	13	32	—	302p
ICI (c)	330	2½	—	11	4	18	—	,,
ICI (p)	300	7	4	15	2	18	—	,,
ICI (p)	330	28	80	34	6	40	—	,,
ICI (p)	660	58	10	62	—	—	—	,,
Mks & Sp. (c)	120	36	6	—	—	—	—	155p
Mks & Sp. (c)	140	16	1	21	—	27	—	,,
Mks & Sp. (c)	160	2	105	8	—	14	1	,,
Shell (c)	330	56	—	60	8	—	—	384p
Shell (c)	390	9	—	18	10	26	—	,,
Shell (c)	420	2½	—	10	—	18	—	,,
		August		November		February		
Barclays (c)	583	12	2	25	—	—	—	385p
Barclays (p)	417	42	1	45	—	—	—	,,
Imperial (c)	80	25	15	26½	—	—	—	104p
Imperial (c)	80	15	188	17	—	21	—	,,
Imperial (c)	100	7½	140	11½	100	14½	6	,,
Imperial (c)	110	2½	58	6	58	10	80	,,
Imperial (p)	100	5	11	4½	—	6	8	,,
Imperial (p)	110	8	—	10½	—	11½	50	,,
Lasmo (c)	260	—	—	54	18	—	—	284p
Lasmo (c)	280	25	8	37	2	45	—	,,
Lasmo (c)	550	4	—	14	—	25	—	,,
Lonrho (c)	60	24	3	25	130	27	—	85p
Lonrho (c)	70	15	107	18	86	18	2	,,
Lonrho (c)	80	8	129	9	227	11	17	,,
Lonrho (c)	90	5½	194	—	—	—	—	,,
Lonrho (p)	70	1½	—	3	50	5	—	,,
Lonrho (p)	80	5½	20	6	48	8	45	,,
Lonrho (p)	90	9	—	—	—	—	—	,,
P & O (c)	160	50	—	30	15	—	—	146p
P & O (c)	140	17	8	20	85	24	—	,,
P & O (c)	160	2	10	7	—	18	—	,,
Racal (c)	420	40	40	62	1	77	—	458p
Racal (c)	460	13	13	30	1	45	—	,,
Racal (c)	550	42	1	55	—	60	—	,,
RTZ (c)	330	—	—	35	—	37	—	364p
RTZ (c)	360	8	—	22	—	27	4	,,
RTZ (p)	330	15	5	22	—	30	—	,,
RTZ (p)	360	57	1	44	1	55	—	,,
Vaal Rfs. (c)	40	1¼	—	3½	1	4½	—	$39

C=Call P=Put

COMMODITIES AND AGRICULTURE

Indonesia may miss rice target

JAKARTA — Indonesian officials and foreign experts believe the country's 1982 rice crop might be up to 1m tonnes short of the record 23m tonnes predicted at the beginning of the year.

That government estimate was 750,000 tonnes higher than last year's bumper harvest, but yesterday Agriculture Minister Sudarsono Hadisaputro was reported as saying merely that it would be "more than 22m tonnes."

Western agricultural experts say the lowered predictions are caused by a harsh dry season in the country's main rice producing areas.

Satellite reports for June show that Java, North Sumatra and Sulawesi received only between 10 per cent and 30 per cent of average rainfall for the month. Since there are still large areas of low-quality irrigation in the rice bowl regions, this will mean yields below last year's levels, they say.

Last year, for the first time in Indonesia's modern history, the country achieved self-sufficiency with a 22.3m tonnes harvest.
Reuter

September jute pact meeting planned

NEW DELHI—Jute producing and consuming countries will meet in Geneva towards the end of September to finalise an International Jute Agreement, Indian Textile Secretary A. K. Dutt, said yesterday.

He said jute exporting countries that met in Bangkok in May had agreed to form an international pact to help stabilise prices on the world jute market.

Meenwhile, India and Beogledesh, the main jute producing countries, hed made some progress in bilateral talks on cooperatioo in marketing jute goods, commerce miuister Shivraj V. Patil told a parliameotary committee.

Cocoa chief proposes market support plan

BY JOHN EDWARDS, COMMODITIES EDITOR

A DRAMATIC new proposal, aimed at restoring buffer stock control over the cocoa market, is to be put by the retiring executive director, Mr Kwesi Hackman, to next week's meeting of the International Cocoa Council.

Under Mr Hackman's plan, the $75m loan from the Brazilian bank consortium would not be used to buy cocoa on the market. Instead it would be used to buy on a deferred-payment basis a further 150,000 tonnes before the end of 1982-83 from the producer members of the Agreement, raising the total buffer stock, which already holds over 100,000 tonnes, above the key figure of 250,000 when supplementary measures to support the market can be implemented.

Under the scheme, the buffer stock manager would make an initial payment of 25 cents per lb on delivery of the beans to a designated warehouse in the country of origin, which would be responsible for rotating the stock to maintain quality standards. On the sale of the cocoa (at the higher intervention level) the buffer stock would pay the balance due to the producer.

Mr Hackman, who described the proposal as his parting gift to the Council, said it was vital to quash doubts that cocoa bought by the buffer stock was not effectively withdrawn, with operators aware that supplementary measures to support the market could be introduced until buffer stock purchases reached 250,000 tonnes.

He added that to reinforce the operation, the Ivory Coast would be asked to hold 6 corresponding quantity of cocoa in its warehouses. This cocoa would not be part of the buffer stock, but Ivory Coast would be asked to hold prior consultations with ICCO Secretariat before disposing of these special stocks. Mr Hackman said 6 move of this kind to restore market confidence might be the first step in persuading Ivory Coast to join the Agreement—an essential ingredient for the future of the pact.

Mr Hackman claimed that the producers had little to lose under the plan, and a lot to gain. The $75m loan from the Brazilian banks would at current prices allow the buffer stock to buy an additional 40,000 tonnes, after taking into account the cost of delivery, storage and rotation. He noted that the buffer stock was having to pay enormous sums simply to rotate the present stock.

Under his scheme, the producers would be responsible for rotating the stocks held back, but even where they did not have adequate storage facilities, this would be possible by the normal replacement of old crop with new.

An important additional advantage for producers was that they would be paid some cash in advance and, if the scheme worked, their total earnings would increase by $472m in the 1982-83 season alone. If existing market conditions remained, prices in 1982-83 are expected to average around 83 cents a lb. But if the proposed scheme was successfully implemented the average would rise to 102 cents.

Under the deferred-payment scheme the purchase of 150,000 tonnes of cocoa would cost $83m, the bulk of which would come from the Brazilian loan. The remaining $8m could be obtained by raising the buffer stock levy from 2c to 3c 6 lb, without recourse to additional borrowing, although this is not an essential plank in the Hackman plan.

Blow to N.Z. butter exports

BY LARRY KLINGER IN BRUSSELS

NEW ZEALAND'S economically important but controversial programme of continued butter exports to the EEC received a setback yesterday when the European Commission announced proposals for a lower-than-expected level of imports for next year.

Under pressure from both its Freoch and Irish members, the Commission rejected suggestions from its own agriculture directorate for 90,000 tonnes of New Zealand butter imports in 1983, proposing 89,000 tonnes instead.

Mr Edgard Pisani, one of the two French commissioners, is understood to have suggested 80,000 tonnes, with Mr Richard Burke, the Irish commissioner believed to have proposed a figure as low as 60,000 tonnes.

While 1,000 tonnes is not a massive cut in itself, the proposal is worrying for New Zealand, as it sets a lower initial threshold for the EEC Council of Agriculture Ministers when they next take up the issue, probably in September and, it is felt, could foreshadow even greater opposition when discussions begin on future arrangements ahead of the current three-year deal's expiring at the end of next year.

Both New Zealand and Britain criticised the decision yesterday, the British describing it as "mean spirited."

While both countries welcomed the parallel decision by the Commission to set the preferential import levy paid by the New Zealanders lower to compensate for the lost tonnage, Britain feels that the proposed tonnage is "simply not enough"

EEC still limiting sugar sales

By Terry Povey

THE EEC COMMISSION at its regular weekly tender yesterday maintained its policy of controlled releases of sugar on to the market by authorising the sale of 31,000 tonnes of whites and 9,000 tonnes of raws.

The maximum export rebate was set at 29.15 ecu's per 100 kilos, the equivalent of £160.33 per tonne, for the white sugar. The Community intervention price for the malo growing area is £318 per tonne.

On the London futures market prices fell yesterday with the October position down almost £3 on the previous day's close. In the morning the London daily price was set at £118 per tonne, up £2 on the previous day primarily on the basis of the stronger prices in New York overnight.

S. Africa seeks to double wool exports

PRETORIA — South Africa aims to double wool exports to the Far East within the next few years, Wool Board Managing director Faan van Wyk said here yesterday.

He said Europe would remain the main market for South African wool because of a relatively fast shipping service, but within 6 few years the Far East should be taking around 6 per cent to 7 per cent of exports compared with about 3 per cent at present.

Mr Van Wyk said Japan will be South Africa's biggest wool export market within the region, but South Korea, Taiwan and Hong Kong will also be taking more.

Far East interest in South African wool has grown as freight rates have become more competitive and since the introduction of containerisation made offloading easier, he said.
Reuters

U.S. COMMODITY TRADING

Watchdog's future in the balance

BY NANCY DUNNE IN WASHINGTON

THE NEW, long-awaited stock index futures and a proposed fee on futures trades have emerged as big stumbling blocks in the reauthorisation hearings of the Commodity Futures Trading Commission (CFTC).

In the unlikely event that the CFTC fails to get a Congressional go-ahead by September 30, the agency will go out of business, and the structure of federal futures regulation in the U.S. will be shattered.

The user fee proposal was put forth by the Administration which wants the Commission's $20m annual costs paid by the traders who use the markets it regulates. The industry, has fiercely resisted the fee, and its arguments have prevailed thus far, because the National Futures Association, its infant self-regulatory organisation, is to be funded by a similar charge.

Impact

As it stands now, both Congressional agriculture committees, which supervise the CFTC and hear legislation concerning it, have rejected the fees and instead have approved a two-year study of the issue. However, Sen William V. Roth of Delaware will add a floor amendment to restore the fee, and indications are the vote may go either way. The administration has hinted that a veto awaits any CFTC bill without a user's fee in it.

Even more potentially lethal to the CFTC's existence is the Stock Index Future, which insiders expect to have an important impact on the commodities markets and which many critics call "a giant, white-collar numbers game."

Many Congressmen have become increasingly restive about the blurred distinctions between securities trading and the trading of financial futures. The fact that first eurodollar futures and now stock index contracts call for cash delivery has driven the point more dramatically home.

The regulatory agencies themselves have run into difficulty with jurisdiction and definition which is why the chairmen of the CFTC and the Securities and Exchange Commission negotiated a pact, now under study by Congress as part of the reauthorisation process. According to the agreement reached last December, the SEC is recognised as the sole federal regulator of securities trading and options on individual securities while the CFTC retains jurisdiction over agricultural and financial futures as well as options on futures.

What the two chairmen worked out peacefully could not get as easily past Congress, where committees which oversee the securities markets resist any encroachment on their turf. Congressmen who supervise the CFTC tend to want the same kind of strict consumer regulation imposed on the commodities markets as practised in securities trading. They see commodities regulation as inefficient and the industry as scandal-ridden.

In response to these legislators, the reauthorising Bill in the House was passed through the commerce committee which oversees the SEC. Its chairman, Mr John Dingell, a Michigan Democrat, is a noted opponent of the CFTC, which he says, "knows a lot about sow bellies. . . .I'm not satisfied that they know much about the stock market."

Mr Dingell has taken up the suggestion put forward by CFTC Commissioner James Stone that stock index contracts, which offer hedging potential for stock traders, may lead investors away from "solid" securities to gamble on the commodities markets. A provision funding a study of the effect of the futures market on capital formation and the U.S. economy is now in the reauthorisation legislation.

"At the heart of our concern," mittee hearing, "is the pro- mittee hearing," is the proliferation of stock-index contracts and options and their effects on capital formation. It is impossible to overstate the danger to investor protection and market stability that is posed by a highly leveraged and highly complex instrument such as a future or an option or an equity index."

Super agency

Having passed through all hearings in both Houses, the CFTC legislation is awaiting scheduling before it comes up for votes in both Houses. Once it passes (and it is expected to), a conference committee will have to decide whether to renew the agency for two years as the Senate wants, or four years the House legislation provides.

Meanwhile, legislators of all persuasians are coming to believe in the concept of one super agency, combining the SEC and the CFTC, to supervise all U.S. trading. The betting is on a four-year reauthorisation bill because the presidential elections in two years will allow insufficient time to consider a concept so irksome to most futures traders.

"The CFTC may not be perfect," says one industry lobbyist, "but at least it is ours."

LONDON OIL SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	31.80-32.00	+0.05
Iranian Light	31.25-31.50	+0.22
Arabian Heavy	28.50-28.75	+0.10
North Sea (Forties)	33.40-33.75	—0.15
African (Bonny L'ht)	34.00-34.65	—0.20
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	342-349	—0.5
Gas oil	266-280	—2.0
Heavy fuel oil	165-171	—1.0

GAS OIL FUTURES

As the dollar reached new highs against European currencies, prices weakened on both the physical and futures markets. The decision to recommend an unchanged Opec production ceiling was neglected, reports Premier Man.

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
July	278.50	—2.50	270.25-76.00
August	276.00	—2.00	280.75-78.50
Sept.	279.50	—2.00	282.00-80.50
Oct.	280.50	—2.00	285.00-83.25
Nov	283.50	—2.00	286.25
Dec	286.00	—2.50	287.50-86.50
Jan.	288.50	—2.00	—
Feb.	292.50	—1.00	—
March	296.00	—1.00	295.00

Turnover: 1,185 (894) lots of 100 tonnes.

GOLD MARKETS

Gold fell $3½ an ounce from Tuesday's close in the London bullion market yesterday to finish at $306½-307½. The metal opened around its best level of the day at $307-308 and declined gradually throughout the day to finish close to its lowest level with the fall reflecting a sharp rise in U.S. interest rates and the dollar.

In Paris the 12½ kilo bar was fixed at FFr 68,250 per kilo ($304.58 per ounce) in the afternoon compared with FFr 68,250 ($304.12) in the morning and FFr 68,500 ($310.44) on Tuesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 24,985 per kilo ($305.75 per ounce) against DM 25,120 ($314.98) on Tuesday and closed at $306½-307½ from $310½-311.

In Zurich gold finished at $307½-308 from $310½-311.

LONDON FUTURES

Month	Yest'rday's close	+ or —	Business Done
	£ per troy ounce		
August	181.75-2.05	+1.025	182.10-0.50
Sept'mb'r	185.00-5.50	+0.750	185.40
October	184.80-5.25	+0.855	—
November	186.40-5.80	+0.400	—
December	188.00-8.50	+0.050	—
January	188.80-90.4	+0.450	—

Turnover: 323 (486) lots of 100 troy ounces.

	July 7		July 6	
Gold Bullion (fine ounce)				
Close	$306½-307½	(£181½-182)	$310-311	(£180-180½)
Opening	$307-308	(£181½-182)	$312-313	(£180½-181)
Morning fixing	$307.40	(£172.256)	$315.10	(£181.245)
Afternoon fixing	$306.75	(£179.461)	$311.00	(£180.290)

Gold Coins July 8

Krugrnd	$317¼-318	(£185½-186)	King Sov	$81½-83½	(£47½-48)
½ Krug	$163½-164½	(£95½-96¼)	Victoria Sov	$81½-83½	(£47½-48)
¼ Krug	$83¼-84¼	(£48¾-49¼)	French 20s	$67½-78	(£39½-45½)
1/10 Krug	$34-35	(£20-20½)	50 pesos Mex.	$377.5-379.5	(£220½-222½)
Mapleleaf	$317½-318¼	(£185½-186¼)	100 Cor. Aust	$300½-305	(£176-177)
New Sov	$73½-75½	(£42-45)	$20 Eagles	$375-380	(£217½-226½)

BRITISH COMMODITY MARKET

BASE METALS

BASE-METAL PRICES edged higher on the London Metal Exchange mainly reflecting the initial weakness of sterling against the dollar. COPPER moved ahead to £805 before closing the late kerb at £802.5 while LEAD was finally £323 and ZINC £412.5. TIN rose to close at £6,800, aided by U.S. physical demand. ALUMINIUM responded to persistent Commission House buying interest and touched £575 prior to easing to close at £564. NICKEL ended the day at £2,995.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
HighGrde				
Cash	786-7	+8.25	785-6	+5
3 mths	804.5-5	+5.5	803.5-4	+6.25
Settlem't	787	+8	—	.....
Cathodes				
Cash	773-4	+7.75	778-4	+5
3 months	792-3	+5.25	792-4	+7
Settlem't	774	+8	—	.....
U.S. Prod.	—	—	*68-70.75	.....

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £789.00, 90.00, 88.00, 88.00, 87.00, 88.00; three months £796.00, 97.00, 96.00, 96.50, 97.00, 98.00, 98.50, 99.00, 801.00, 02.00, 02.50, 03.00, 04.00, 05.00, 04.50, 04.00, 04.50. Kerb: Higher Grade, three months £804.00, 03.50, 03.00, 03.50. Afternoon: Higher Grade, three months £799.00, 800.00, 01.00, 02.00, 01.50, 02.00, 03.00, 04.00, 05.00, 04.50, 04.00, 03.50. Kerb: Higher Grade, three months £802.50, 02.00, 01.00, 01.50, 02.00, 02.50. Turnover 43,100 tonnes.

TIN [illegible table]

LEAD [illegible table]

ZINC [illegible table]

ALUMINIUM [illegible table]

NICKEL [illegible table]

SILVER

Silver was fixed 18.05p an ounce lower for spot delivery in the London bullion market yesterday at 323.75p. U.S. cent equivalents of the fixing levels were: spot 553.1c, down 32.9c; three-month 574.5c, down 33.7c; six-month 595.8c, down 34.0c; and 12-month 640.6c, down 34.9c. The metal opened at 324-327p (555-559c) and closed at 320-323p (548-550c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	323.75p	—18.0	324.75p	—5.85
3 months	333.45p	—16.5	334.25p	—5.85
6 months	342.60p	—16.7	—	......
12months	364.00p	—17.1	—	......

LME—Turnover: 112 (188) lots of 10,000 ozs. Morning: Cash 325.0; three months 334.0, 33.0, 33.5, 34.0, 33.5. Kerb: Nil. Afternoon: Three months 332.0, 33.0, 33.5, 34.0. Kerb: Three months 334.0, 33.5, 33.9, 34.0, 34.95.

COCOA

Futures were initially steady on commission house support but hedging of West African new crop sales pared the gains, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
July	904-05	+7.5	912-03
Sept	942-46	+8.0	950-38
[illegible]			

COFFEE

[illegible]

GRAINS

[illegible]

RUBBER

[illegible]

SOYABEAN MEAL

[illegible]

SUGAR

[illegible]

WOOL FUTURES

[illegible]

COTTON

[illegible]

PRICE CHANGES

In tonnes unless otherwise stated.

	July 7 1982	+ or —	Month ago
Metals			
Aluminium	£810/815	....	£810/815
Free Mkt.	$930/960	+6	$905/935
Copper			
Cash h grade	£785.5	+2	£733.5
3 mths	£803.75	+6.25	£757.75
Cash Cathode	£773	+6	£782.3
3 mths	£793	+7	£748.85
Gold troy oz	$307	—3.5	$325.375
Lead Cash	£313.5	+1.5	£286.5
3 mths	£324.5	+1.25	£297.85
Nickel	£4080	....	£3522
Free mkt	258/262c	....	235/265c
Platin'mtr oz'y	£260	....	£260
Free mkt	£132.45	—2	£167.45
Quicksilver†	$360/370	....	$370/380
Silver troy oz.	325.75p	—18.05	333.80p
3 mths	333.45p	—16.55	344.10p
Tin Cash	£6560	+65	£6560
3 mths	£6807.5	+87.5	£6367.5
Tungsten 22.0lb	$106.48	....	$111.58
Wolfrm 22.4lbs	$110/115	....	$110 113
Zinc Cash	£409.5	+1	£387.5
3 mths	£412.5	—0.5	£387.5
Producers	$800	....	$800/800
Oils			
Coconut (Phil)	$475v	—15	$515
Groundnut		....	
Linseed Crude	£353v	....	£380
Palm Malayan	$442.5w	....	$512.5
[illegible]			

POTATOES

[illegible]

MEAT/FISH

[illegible]

INDICES

FINANCIAL TIMES | REUTERS | MOODY'S | DOW JONES [illegible]

AMERICAN MARKETS

NEW YORK, July 7

HEATING OIL was quiet, trading narrowly after a sharply lower opening. Copper was lower on arbitrage selling. Sugar traded moderately lower on a weaker cash market. Cotton came under heavy pressure following profit-taking which touched off commission house liquidation. Coffee was supported by the trade but still finished lower. Precious metals rallied late in the day on technical buying, reported Heinold.

Copper—July 57.85 (58.55). Aug. 58.25 (59.30), Sept. 59.00-59.10, Dec. 61.30-61.45, Jan. 62.15, Mar. 63.60, May 65.30, July 66.85, Sept. 68.05, Dec. 70.50, Jan. 71.35, Mar. 72.85, May 74.30.

*Gold—July 311.3 (309.1), Aug 313.3-313.8 (311.3), Sept 317.3, Oct 320.8-321.0, Dec 328.0-328.5, Feb 335.8, April 343.3, June 351.1, Aug 359.0, Oct 367.0, Dec 375.1, Feb 383.2, April 390.8.

*Platinum—July 262.0 (257.8), Oct 269.0-270.0 (265.9), Jan 279.0, April 286.0, July 294.2. Sales: 1,646.

Potatoes (round whites)—Nov. 66.2 (66.8), Feb. 70.7-72.0 (73.0), Mar. 76.0-76.5, April 86.5-87.0. Sales: 78.

¶Silver—July 563.6-570.0 (563.05), Aug. 575.5 (587.5), Sept. 573.0-585.0, Dec. 596.0-610.0, Jan. 613.3, Mar. 617.0-625.0, May 634.0-636.7, July 659.7, Sept. 675.1, Dec. 698.3, Jan. 706.0, Mar. 721.4, May 740.0. Handy and Harman bullion spot: 557.00 (576.00).

Sugar—No. 11: Sept. 8.14-8.16 (8.45), Oct. 8.31-8.35 (8.59), Jan. 8.70-8.90, Mar. 9.47-9.50, May 9.74-9.78, July 9.95-9.99, Sept. 10.20, Oct. 10.24-10.29. Sales: 6,554.

[illegible]

July 663, Aug 667½.

‖Soyabean Meal—July 177.3 (175.8), Aug. 176.9-176.7 (176.1), Sept. 176.5-176.2, Oct. 176.5-176.2, Dec. 180.2-180.3, Jan. 182.5, Mar. 186.0, May 190.5, July 195.0-196.5.

Soyabean Oil — July 18.33-18.32 (18.22), Aug. 18.42 (18.35), Sept. 18.55, Oct. 18.65, Dec. 19.00-19.02, Jan. 19.27, Mar. 19.55-19.60, May 19.75-19.80, July 20.00-20.02.

†Wheat—July 330-329½ (339½), Sept. 343-341½ (351½), Dec. 363-363½, Mar. 376¾-376½, May 381, July 376.

WINNIPEG, July 7.

§Barley—July 123.6 (122.6), Oct. 120.2 (120.7), Dec. 122.6, Mar. 125.5, May 127.3

§Wheat—SCWRS 13.5 per cent protein content cif St Lawrence 229.04 (229.79).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lb). § $Can. per metric ton. §§ $ per 1,000 sq ft. ‡ Cents per dozen. †† $ per metric ton.

Tuesday's closing prices

Cocoa††—July 1448 (1448), Sept 1498 (1488), Dec 1563, March 1629, May 1669, July 1710, Sept 1745. Sales: 490.

Coffee—"C" Contract: July 135.25-135.27 (137.86), Sept 123.78 (127.78), Dec 118.01-118.13, March 114.50-114.75, May 112.90, July 108.10-110.00, Sept 06.50-110.00, Dec 100.00. Sales: 2,882.

Cotton—July 68.10-68.50 (69.20), Oct 71.60-71.67 (72.44), Dec 73.60- [illegible]

EUROPEAN MARKETS

[illegible]

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هكذا من الاصل

North American bank bonds fall sharply

BY ALAN FRIEDMAN

PRICES of North American bank bond issues in the Eurodollar market were marked sharply lower yesterday as the sector saw an overall half-point decline in price levels.

The down-grading of six major Canadian banks' paper hit a number of issues, while several U.S. bank names were marked lower on the back of Continental Illinois's prediction of a second quarter loss related to the closure of Penn Square Bank of Oklahoma.

The 9¾ per cent 1986 Continental Illinois bond fell from a mid-price of 83½ to 81½, while the Continental Illinois 15¾ per cent 1989 issue closed at around 99, down one point. The Bank of Montreal's 14½ per cent 1987 issue stood at 94½, off a point.

Among U.S. banks, the Wells Fargo 15 per cent 1987 bonds dropped ½ to ¾ point and the Bank of America 12 per cent 1987 issue by ½ point.

The Eurodollar bond market is very nervous and dealers report a serious dearth of investor interest. The new European Investment Bank (EIB) 15½ per cent 10-year paper was quoted last night in the pre-market at a discount of 2¾ per cent to 2½ per cent. At 96¾ the paper yields 16.6 per cent.

Union Bank of Switzerland Securities in London appears to have taken a $30m stake in the EIB deal; five co-managers accounted for a total of $25m in the $5m bracket and 14 other co-managers took a $2.5m stake each, totalling $35m. A further $10m of the EIB bonds is in the hands of underwriters.

The Swiss franc bond market, suffering from a strong U.S. dollar and news of a 7 per cent Zurich inflation rate, closed slightly lower last night. Three private placements are being arranged: a SwFr 100m five-year 6¾ per cent issue for First Interstate Bank through UBS, a SwFr 50m five-year convertible deal for NTN, the Japanese ball bearing company, through Swiss Bank Corporation; and a SwFr 25m five-year 7¾ per cent issue for Kiyaba, the Japanese hydraulics group, through Credit Suisse.

Euro D-mark prices were off ¼ point yesterday in light trading.

Canadian bank paper downgraded

By Robert Gibbens in Montreal

DOMINION BOND Rating Service, one of two Canadian rating agencies, has lowered its classifications of the debentures and medium and long term notes issued by six major Canadian chartered banks.

DBS cited the poor state of the Canadian economy, rising inflation and unemployment, record government deficits and the declining external value of the Canadian dollar, as well as the concentration of large bank loans to a few energy companies now in financial trouble because of reduced cash flows.

DBS has cut the Royal Bank of Canada rating from triple A to double A-high, and those of Toronto Dominion Bank, Bank of Montreal and Bank of Nova Scotia from triple A to double A.

Canadian Imperial Bank of Commerce was cut from double A-high to double A-low and Mercantile Bank from double A-low to single A.

DBS said the smaller cut for the Royal Bank reflected its "superior position." The half grade reduction for CIBC was because the bank is "operating below its long term potential." DBS also said its ratings standards were extremely high, that the banks were still considered to be superior credits.

Royal Bank of Canada said later that rating agencies in Canada and the U.S. had shown a trend towards downgrading the rating of a wide range of corporations.

"We have said all along that the Canadian banking industry has not been immune from the impact of the world recession. In all the circumstances we feel the degree of change in our rating is not significant and that the Royal Bank is among the least affected by the DBS downgrading."

Toronto Dominion, Bank of Nova Scotia, Bank of Montreal and the Royal Bank all have short-time exposure in Dome Petroleum; CIBC has a major exposure in Dome, and in Turbo Resources.

Ottawa dispels rumours

GOVERNMENT officials in Ottawa moved yesterday to dispel Euromarket rumours that further large borrowings by Canada are imminent to boost its foreign exchange reserves, writes Peter Montagnon.

Rumours have spread through both the Eurobond and Eurocredit markets in recent weeks that Canada was drawing up plans for a large floating rate note and/or a jumbo Eurocredit as a follow-up to its U.S.$750m bond issue launched last month.

In June, Canada drew heavily on commercial bank standby credits to finance intervention support for its dollar in foreign exchange markets. The drawings, totalling U.S.$1.6bn, came from $6.5bn of facilities provided by Canadian ($3.5bn) and U.S. banks ($3bn).

But after accounting for previous drawings on these facilities, the amount still available under them remains $4.1bn. In a parliamentary answer on Tuesday, Mr Allan MacEachen, Canada's Finance Minister, pointed to the ample resources still available to Canada.

There was no need for Canada to go to the International Monetary Fund, he said, but made no specific reference to commercial market borrowings.

Government officials added, however, that drawings under the standby facilities still have not approached their peak of previous years of U.S.$3bn—reached at a time when the total available was lower at U.S.$5.5bn.

Dome slims to fit its reduced means

MR JACK GALLAGHER, chairman and chief architect of Dome Petroleum's fast growth into one of Canada's top four energy groups, remains unflappable. Ways will shortly be found to enable his company to meet C$1.3bn (U.S.$1.01bn) of short-term debt due to Canadian banks by year-end, and by 1984, Dome will have overcome its temporary cash flow problems, he declares.

The stock market is less sanguine, marking Dome shares down to new lows. Many in the oil sector in Western Canada shake their heads saying that Dome's expansion in the past 10 years has been heady and ill-advised. Yet some analysts still rate Dome as a good buy, and argue that despite too much promotion of its projects, too much reliance on ever-rising oil and gas prices, and reports of Beaufort Sea well tests that may not stand up to close scrutiny, all will turn out all right.

Meanwhile, negotiations are slowly making progress in Ottawa, Toronto and Calgary towards a refinancing package, worth perhaps about C$1.5bn to help Dome over the hump. The Federal Government, itself often accused of being led by the nose by Dome, and Mr Gallagher, has made clear it is the job of the big domestic banks to put together the rescue package for Dome. It will not participate, at least directly. It has gone as far as guaranteeing through the national oil company Petro-Canada a C$100m bank loan to Dome Canada, the 48 per cent-owned Dome Petroleum subsidiary, which has taken over most of the group's Beaufort Sea exploration and development assets and will be eligible for major federal exploration incentive grants.

Yesterday Dome received its first C$110m Petroleum Incentive Program payment, and said it would use C$100m to retire the bridge financing guaranteed by Petro-Canada.

Some people in the industry believe that Dome has already benefited from favouritism on the part of Ottawa. Since 1971, its Beaufort Sea exploration programme has received no less than C$2bn in federal subsidies, while the Trudeau Government's national energy programme, encouraging the acquisition of oil and gas assets by Canadian-owned companies, appeared to many observers to be tailor-made for Dome.

The Petro-Canada guarantee will allow the orderly transfer of Beaufort Sea assets to Dome Canada in preparation for the new drilling season beginning towards the end of this month.

Dome's cash bid stems mainly from the takeover of Hudson's Bay Oil and Gas, a major Canadian gas producer with oil and gas assets in Indonesia, the U.S. and elsewhere, from Conoco of the U.S. This deal was completed last year. Dome first bought the Conoco controlling block and later was pressured by the investment community and others into completing 100 per cent ownership.

Further borrowings to achieve full ownership ballooned Dome's total short and medium-term bank debt to about C$4.1bn.

It is these loans which are the subject of the refinancing package now being negotiated, and doubt exists among the public that they are properly secured. Though the company has confirmed its total bank debt is over C$4bn, it has never given details of how the debt is secured or how this amount relates to another U.S.$1.5bn owed to a foreign banking consortium and backed by strong assets.

Dome has found the debt increasingly burdensome, particularly since the turn of the year when industry-wide oil and gas production plunged because of the Canadian recession.

Dome's production fell by 30 per cent in the first quarter. Some subsequent months were better but industry analysts estimate that it will be down about 15 per cent for the full year.

Consequently, Dome reported a first-quarter loss of C$25.7m (US$21.7m) on sales of C$752m.

Government actions on royalties, taxes, exploration grants and energy prices, coupled with some improvement in energy demand later in the year, gives hope of a better financial performance from the sector.

Thus analysts are forecasting for Dome in its present form a net operating income of C$1.2bn before interest payments for the full year. Profits should rise sharply in 1983 and 1984.

But the interest costs are crippling, amounting to roughly C$200m in the first quarter. Interest rates have gyrated between 15 per cent and 22 per cent since Dome assumed the bulk of its debt. They are currently at about 17 per cent and expected to rise.

Dome's discretionary cash flow after making interest payments could be around C$160m this year—a trickle for an oil company needing to spend huge sums on exploration. It has already slashed its 1982 spending budget from C$1.3bn to C$350m-C$400m.

Analysts see discretionary cash flow rising to around C$500m next year, but that is too late and too little to help Dome out of its current cash squeeze.

The company has to generate cash to reduce its debts and therefore has put its U.S. and Indonesian assets on the block, hoping to raise C$1bn. Japex, the Japanese oil exploration group, is widely believed to head potential buyers of the Indonesian interests.

It is also looking for buyers for its controlling interest in Cyprus Anvil Mines, a base metals producer in northwest Canada, and its controlling holding in TransCanada PipeLines, the major gas trunkline operator across Canada which has also major oil and gas development interests.

One problem is that due to the recession, the stock market prices of TransCanada and Cyprus Anvil shares are very low. But nonetheless the cash from selling would help clear the log-jam and help the banks to work out rescheduling of loan payments.

These deals are unlikely to go through before late summer or early autumn, however, and negotiations between Dome and the banks will also take more time, mainly because each of the banks wants adequate security for agreeing to loan rescheduling.

Robert Gibbens detects some optimism that a top Canadian oil group can survive its cash crisis

Diamond buys out Sigmor for $240m

By Terry Byland in New York

A FURTHER twist in the saga of energy company takeovers came yesterday when Diamond Shamrock, whose substantial reserves of oil and gas have made it the subject of takeover talk itself, announced that it is paying $240m for the 79 per cent of the shares it does not already hold in Sigmor, a major petrol refiner and retailer in Texas.

The move strengthens Diamond's own retailing presence and will create a group with annual turnover of about $5.2bn.

Diamond is offering 0.44 convertible stock for each of Sigmor's outstanding 13.7m shares, with a cash option of $17.50 for each Sigmor share. The preferred stock is immediately convertible in one Diamond share.

Mr Tom Turner, Sigmor's chairman and chief shareholder, together with his wife, will take Diamond preferred stock for their 9.5m Sigmor shares.

Jobber outlets

Over half the petrol sold by Sigmor through its 600 petrol stations already comes from Diamond Shamrock which does not itself own any stations but retails through 1,600 "branded jobber" outlets.

Mr William H. Bricker, Diamond's chairman, described the Sigmor deal as "a logical extension of our already profitable refining and marketing business." He considers a strong petroleum retailing arm of prime importance in today's difficult markets.

Earnings at Diamond, which has interests in chemicals, plastics and coal, have been lower this year, in line with these business sectors.

Wall Street is convinced that other major oil companies, perhaps including Mesa Petroleum, have been eyeing Diamond's healthy energy reserves of 36m barrels of oil and 931.3bn cubic feet of natural gas.

Canadian trust in legal move against Turbo

By Our Montreal Correspondent

CANADA TRUSTCO Mortgage Corporation, a major Toronto-based trust, has taken legal action to have Turbo Resources and the Canadian Imperial Bank of Commerce provide security for a C$20m loan.

The trust company claims that a clause in the agreement covering its $20m loan to Turbo has been breached by Turbo and the bank.

Costly takeover

Turbo, a fast-growing Calgary oil and gas company which has integrated into refining and marketing, is now going through a debt restructuring programme because of severe cash-flow problems and a costly takeover.

Canada Trustco claims the violation of the loan agreement occurred when Turbo provided security to CIBC for a loan without doing so for Canada Trustco. It seeks repayment of the loan if security is not provided. Another trust company plans similar action in respect of a $5m loan.

Canada Trustco said it took legal action to ensure its interests are protected. The Turbo loan is its only commitment in arrears.

Turbo said it will defend its position against both trust companies.

Penn Square crash threatens energy loans

PENN SQUARE, the Oklahoma bank which collapsed last weekend bringing hundreds of millions of dollars of losses to lenders and depositors, was known as a high-flyer in the booming energy lending business but also seemed dangerously exposed, bankers said here yesterday.

One banker described it as a "glaring example" of the problems facing many banks which lent heavily to the energy industry during the oil price boom and are now paying the cost, though he doubted that any were in as serious trouble as Penn Square.

The Office of the Comptroller of the Currency, which regulates banks, first identified Penn Square as a problem bank in 1980 and had examined its books at six to nine-month intervals before ordering it to be closed down on Monday night. The bank is now in the hands of a Federal receiver.

Penn Square was one of the fastest-growing banks in the "oil patch," the stretch of the U.S. south which grew rich on oil and gas in the 1970s. In the six years before it came to grief, its assets grew by a staggering fifteenfold, mainly by specialising in putting together loans for small oil and gas drilling companies and selling participations in those loans to larger banks from elsewhere which were eager for energy business.

About 80 per cent of Penn Square's loan portfolio was in energy, and the volume of its loan participations exceeded $2bn.

Ill-judged "bought" participations in energy loans have cost U.S. banks dear, reports David Lascelles in New York

This exposure made it a likely victim of the recent softening of the oil price and the widespread failures in the oil exploration and production business it has caused. But the ramifications are turning out to be far broader than the collapse of a comparatively small bank would lead one to expect.

About half the participations were bought by Continental Illinois, the largest bank in Chicago, with other shares being held by Chase Manhattan Bank of New York, Seafirst of Seattle, Northern Trust, also of Chicago, and Michigan National Bank. All stand to lose as a result of the failure.

When they participate in loans, banks must make their own credit judgments and usually have no recourse to the originating bank if the loan goes sour. So the bad losses put together by Penn Square have now become the other banks' bad loans too.

Some participating banks may try to sue to recover funds from Penn Square. But Wall Street analysts feel that they had only themselves to blame because they should have known exactly to whom they were lending. Poor management and greed for profits must have played a role, they say, particularly at Continental Illinois which has been under mounting criticism for expanding its lending business at the expense of credit quality.

Continental said it expects the failure to cost it its entire second quarter earnings, and more. Bank analysts say this means the bank must have taken a blow of at least $120m, possibly more than $150m.

In addition, depositors who had placed more than $100,000 with Penn Square will lose money. This is the maximum for which U.S. depositors are insured. The Federal Deposit Insurance Corporation has said that about $190m of deposits were not covered.

One U.S. banker who claimed to have been winding down his oil loans for the last nine months predicted yesterday that the Penn Square collapse would kill all but top quality energy lending "stone dead."

The affair has already given a sharp knock to banks stocks.

The episode is strongly reminiscent of the recent Drysdale affair when another little known financial institution struck like a bolt from the blue and brought huge losses to major banks.

Observers seem to agree that unless U.S. interest rates come down quite sharply and the economy gets back into shape, these strains will persist and might even get worse.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Tuesday July 13. Closing prices on July 7

U.S. DOLLAR STRAIGHTS — Issued | Bid | Offer | Change on day | week | Yield

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day [illegible] on week [illegible]

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day 0 on week [illegible]

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day [illegible] on week [illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day [illegible] on week [illegible]

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day [illegible] on week [illegible]

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day [illegible] on week [illegible]

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTERNATIONAL COMPANIES and FINANCE

VONTOBEL EUROBOND INDICES 14.5.76 = 100%

PRICE INDEX	6.7.82	29.6.82	AVERAGE YIELD	6.7.82	29.6.82
DM Bonds	95.43	94.91	DM Bonds	9.226	9.330
HFL Bonds & Notes	97.12	97.28	HFL Bonds & Notes	10.415	10.424
U.S. $ Strt. Bonds	87.73	87.28	U.S. $ Strt. Bonds	14.603	14.746
Can. Dollar Bonds	85.76	85.75	Can. Dollar Bonds	16.052	15.945

Veba hit by losses in oil and chemicals sectors

BY KEVIN DONE IN FRANKFURT

VEBA, West Germany's largest industrial concern with sales last year of DM 49.4bn ($19.8m), is being hit by losses and falling profitability in important areas of its oil and chemicals operations.

Neither subsidiary, Veba Oel nor Chemische Werke Hüls, is expected to be in a position to make any dividend contribution to the parent company this year—the second year running—said Herr Rudolf Bennigsen-Foerder, chief executive.

The electricity supply operations, which account for some 16 per cent of group turnover but represents the nucleus of Veba's profits, are performing satisfactorily. The company also expects good returns from its transport and trading activities.

Last year group sales rose by nearly 18 per cent to DM 49.4bn, while after-tax profits rose by 9 per cent to DM 539m. Volume sales of chemicals and oil products last year declined sharply. Most of the increase in turnover was caused by higher prices.

Pre-tax profits last year dropped by 14 per cent to DM 1.4bn.

Veba group sales have increased more slowly this year with a rise of 5.5 per cent in the first five months to DM 20.6bn. After-tax profits in the first quarter totalled only DM 61m compared with DM 95m in the same period last year, chiefly because of the drastic fall in earnings from oil refining and marketing.

The position in this sector has improved in the last two months following a series of oil product price increases.

In addition Veba has taken a number of short-term measures to cut the losses of its oil operations including:

● The reduction of long-term contract purchases of crude oil in favour of buying on the spot market—spot market purchases accounted for 37 per cent of crude bought in May.

● Stocks of oil products and crude oil have been reduced by 40 per cent.

● Refining capacity has been cut by 2.5m tonnes to 16.3m tonnes a year and Veba and Mobil are considering closing 3m tonnes of their jointly owned 7m tonnes a year refinery at Neustadt, Bavaria.

● One tanker has been sold and two further tankers have been laid up.

The volume of chemicals sales by Chemische Werke Hüls fell by 12 per cent in the first five months this year and both its plastics and fertiliser operations are operating in deep losses.

Hüls is the third largest plastics producer in the Federal Republic after BASF and Hoechst. As part of a costs reduction programme it is cutting its chemicals workforce by 1,500 by the end of 1983 and is also closing plants in important areas such as chlorine production.

As Hüls is not expected to pay a dividend, Veba has offered to buy out the remaining private shareholders, who hold about 12 per cent of the equity, through a share swap with Veba shares. The cost of the action is estimated at DM 160m.

Daimler car sales and production rise 11%

By Our Frankfurt Staff

DAIMLER-BENZ, the West German car and commercial vehicles manufacturer, increased car sales and production by 11 per cent in the first six months of the year to 233,000. Output in the whole of 1982 is planned to exceed 450,000 compared with 440,778 last year.

Setbacks suffered in South Africa and in the domestic market have depressed worldwide sales of commercial vehicles, however, bringing a 14 per cent fall in production.

Output in Daimler-Benz domestic commercial vehicle plants dropped by 6 per cent overall. The group has been hardest hit by the general fall in demand in the light commercial vehicles sector, where output has been reduced by 22 per cent with production of little more than 31,000 units compared with more than 40,000 last year.

In contrast to Volkswagen, its main competitor in this sector, Daimler-Benz is still confident of avoiding short-time working in its light commercial vehicles plants. It will switch work from other locations in the group or transfer workers to plants still working at full capacity.

Dr Gerhard Prinz, chief executive, indicated yesterday at the company's annual meeting that group profits had improved further in the first half of the year but he refused to give a forecast for the full year.

The company expects Freightliner, its new heavy truck subsidiary in the U.S., to operate at a loss in 1982, as a result of the steep recession in the U.S. commercial vehicle market, he said. Freightliner has held its market share for trucks in the class above 15 tonnes at about 10 per cent, but has been able to do little to counter the general fall of 40 per cent in new registrations since 1979.

The strength of the dollar against the Deutsche Mark was assisting Daimler-Benz U.S. car sales, however, said Dr Prinz. The increasing profitability of this operation was helping to offset losses in commercial vehicles.

The company also expects higher losses this year from its bus manufacturing operations in West Germany, which have for long remained stubbornly in deficit. But output is likely to fall to only 3,600 vehicles in 1982 from 4,300 last year.

Elf challenges State over petrol prices

BY TERRY DODSWORTH IN PARIS

THE FRENCH Government's plans for reorganising the heavy chemicals industry are facing collapse following a threat from Elf Aquitaine, the State-controlled oil company, to cut off financial support for the operation.

Elf's challenge to the Government was publicly thrown down by M Albin Chalandon, the group's controversial chairman, in a clear bid to reverse impending decisions on petrol price controls.

He said the company could not afford to pump money into the rationalising of heavy chemicals if it were hit by new limits on pump prices.

The conflict is an illustration of the problems that are being thrown up by the draconian four-month prices freeze introduced this month.

Only two months ago, the Government reached agreement with the oil industry over a pricing system for oil products linking them to the prevailing EEC and spot market rates. But the authorities are apparently planning to reduce the increase due in August to help comply with the freeze.

In addition, the oil industry is being made to bear the full extent of the 1 per cent increase in value added tax recently introduced by the Government. The companies will be unable to recuperate any of this from the public.

Elf argues that this amputation of its potential resources means that it is no longer in a position to support the sweeping plans for the reorganisation of the chemicals industry. Although it cannot yet evaluate its loss of earnings from the proposed petrol price limitations, it says that it is already planning cuts in its general investment budget.

The company's decision to put pressure on the Government will present M Jean-Pierre Chevenement, the Minister of Research and Industry, with his first major problem involving the public sector.

Rainer Gut to become Credit Suisse chairman

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

MR RAINER GUT, who played a key role in pulling Credit Suisse round from its traumatic Chiasso losses in 1977, is to become chairman of the Zurich-based bank from next March.

Described yesterday by a colleague as "a banker through and through," Mr Gut, aged 50, will be put forward at next year's annual meeting as the board's candidate to succeed the present chairman, Dr Oswald Aeppli, who is retiring.

Since becoming chief executive in 1977, Mr Gut has also steered the bank, the smallest of Switzerland's big three, on to a much more aggressive business course. Total assets at the end of last year stood at SwFr 73.6bn ($34.7bn).

Moeller foundation to sue Danish central bank

BY HILARY BARNES IN COPENHAGEN

ONE OF the foundations controlling the Moeller shipping and industrial empire is to sue the Danish central bank for the release of its assets. These have been frozen by the bank, following the transfer of the foundation's domicile from Denmark to Liechtenstein.

The foundation is one of two which have a controlling interest in Moeller, although it holds less than 10 per cent of the shares in the Moeller parent companies.

The Danish Government is planning to introduce taxes, obligatory registration, and supervisory regulations for self-owning foundations, which so far have not had to pay wealth tax or taxes on dividend incomes.

According to the Moeller foundation's legal adviser, Mr Kristian Mogensen, it is the prospect of a wealth tax which has caused the change in its domicile. In combination with a tax on dividend income, wealth tax could mean that Danish foundations will have to hand over just about all their income to the State.

It is estimated that there are about 15,000 self-owning foundations in Denmark with assets somewhere between Kr 50bn-Kr 100bn ($11.6bn). Many large and medium-sized companies are controlled by foundations.

Vizcaya to rescue major bank

By Robert Graham in Madrid

BANCO DE VIZCAYA is to mount a major rescue operation and take over the ailing industrial bank Occidental and its small commercial arm Comercial Occidental.

Final figures have not been disclosed but the combination of new capital, provided by Vizcaya, and soft funding from the government's Deposit Guarantee Fund is believed to total more than $500m.

The principal attraction in Occidental, with deposits of Pts 49bn ($441m), lies in its 131 branches throughout Spain and a small bank in Puerto Rico, Banco Mayaguz. Vizcaya has agreed to buy 51 per cent of Occidental and lift this to near total control by a capital increase.

At Occidental's annual meeting last month its Pta 4.6bn capital, in which the troubled Italian group Banco Ambrosiano held a 10 per cent stake, was *reduced to a nominal single peseta*. In return for this stake, currently by the Deposit Guarantee Fund, Vizcaya will inject Pta 7bn worth of capital of which Pta 500m will be diverted to Commercial Occidental.

Occidental, which failed last July, consists of over 100 industrial, finance and property companies. The more profitable of these, like the cement interests, have already been disposed of.

Occidental's 1981 balance sheet showed losses of Pta 6.2bn and additional losses of Pta 3bn relating to previous years.

Vizcaya, which last year raised its profits 29 per cent to Pta 8.3bn, has earned a reputation as one of the most aggressive of Spain's big seven commercial banks.

Oce recovery continues as profits leap by 48%

BY WALTER ELLIS IN AMSTERDAM

NET PROFIT at Oce-Van der Grinten, the Dutch-based reprographics group, rose to Fl 20.1m ($7.5m) in the six months to the end of May, compared with Fl 13.6m a year earlier—an increase of 48 per cent.

This confirms the recovery which the group has made from its decline into losses in 1980-81 as a whole when a deficit of Fl 7.9m was recorded partly as a result of problems with Ozalid, Oce's UK operation. It is now thought that Ozalid may break even this year, and perhaps make a profit in 1983.

Capital invested in the growing rental market for photocopiers—in this case Oce's advanced 1900 model—has been substantial and depreciation is up from Fl 51.5m to Fl 60.5m. The book value of rented copiers, which form part of fixed assets, exceeded Fl 200m.

Oce's sales in the six months reached Fl 835.6m, against Fl 800.5m. Operating profit was Fl 63.0m against Fl 52.8m.

Sales slowdown seen at KHD

By Our Financial Staff

KLOECKNER Humboldt Deutz, the German engineer, expects turnover and incoming orders will be weaker in second half 1982 than in the first half, managing board chairman Herr Bodo Liebe said. He told the annual meeting that he expects parent company turnover for 1982 to be above DM 4bn ($1.6bn) against DM 3.91bn in 1981.

Parent company turnover rose by 10 per cent in the first half compared with a year earlier.

BASE LENDING RATES

A.B.N. Bank	12½%	Grindlays Bank	‡12½%
Allied Irish Bank	12½%	■ Guinness Mahon	12½%
Amro Bank	12½%	■ Hambros Bank	12½%
Henry Ansbacher	12½%	Hargrave Secs. Ltd.	12½%
Arbuthnot Latham	12½%	Heritable & Gen. Trust	12½%
Associates Cap. Corp.	13 %	■ Hill Samuel	§12½%
Banco de Bilbao	12½%	C. Hoare & Co.	†12½%
BCCI	12½%	Hongkong & Shanghai	12½%
Bank Hapoalim BM	12½%	Kingsnorth Trust Ltd.	14 %
Bank of Ireland	12½%	Knowsley & Co. Ltd.	13 %
Bank Leumi (UK) plc	12½%	Lloyds Bank	12½%
Bank of Cyprus	12½%	Mallinhall Limited	12½%
Bank Street Sec. Ltd.	13½%	Edward Manson & Co.	13½%
Bank of N.S.W.	12½%	Midland Bank	12½%
Banque Belge Ltd.	12½%	■ Samuel Montagu	12½%
Banque du Rhone et de la Tamise S.A.	13 %	■ Morgan Grenfell	12½%
Barclays Bank	12½%	National Westminster	12½%
Beneficial Trust Ltd.	13½%	Norwich General Trust	12½%
Bremar Holdings Ltd.	13½%	P. S. Refson & Co.	12½%
Brit. Bank of Mid. East	12½%	Roxburghe Guarantee	13 %
■ Brown Shipley	12½%	Slavenburg's Bank	12½%
Canada Perm't Trust	13 %	Standard Chartered	‖12½%
Castle Court Trust Ltd.	13 %	Trade Dev. Bank	12½%
Cavendish G'ty T'st Ltd.	14 %	Trustee Savings Bank	12½%
Cayzer Ltd.	12½%	TCB	12½%
Cedar Holdings	13 %	United Bank of Kuwait	12½%
■ Charterhouse Japhet	12½%	Volkskas Intl. Ltd.	12½%
Choulartons	13 %	Whiteaway Laidlaw	13 %
Citibank Savings	†12½%	Williams & Glyn's	12½%
Clydesdale Bank	12½%	Wintrust Secs. Ltd.	12½%
C. E. Coates	13½%	Yorkshire Bank	12½%
Comm. Bk. of Near East	12½%		
Consolidated Credits	12½%		
Co-operative Bank	*12½%		
Corinthian Secs.	12½%		
The Cyprus Popular Bk.	12½%		
Duncan Lawrie	12½%		
Eagil Trust	12½%		
E.T. Trust	12½%		
Exeter Trust Ltd.	13½%		
First Nat. Fin. Corp.	15 %		
First Nat. Secs. Ltd.	15 %		
Robert Fraser	13 %		

■ Members of the Accepting Houses Committee.

* 7-day deposits 9.5%, 1-month 9.75%. Short term £8,000/12 month 12.1%.

† 7-day deposits on sums of: under £10,000 9¼%, £10,000 up to £50,000 10¼%, £50,000 and over 11%.

‡ Call deposits £1,000 and over 9½%.

‖ 21-day deposits over £1,000 10½%.

§ Demand deposits 9¼%.

¶ Mortgage base rate.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume (1978=100); retail sales value (1978=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unem- ployed	Vacs.
1981							
1st qtr.	99.7	88.9	98	106.6	130.8	2,282	100
2nd qtr.	99.3	89.1	92	104.7	134.5	2,482	89
3rd qtr.	100.2	90.0	104	105.5	139.1	2,641	96
4th qtr.	100.6	89.9	99	105.4	158.5	2,752	104
Nov	100.3	89.9	93	105.6	158.4	2,760	104
Dec	99.9	88.8	81	104.6	193.1	2,769	108
1982							
1st qtr.	100.1	89.5	96	106.6	141.3	2,817	112
Jan	99.8	88.5	91	107.0	143.9	2,812	112
Feb	101.1	89.9	101	106.1	137.6	2,818	113
March	100.3	90.0	95	106.6	142.3	2,832	111
April	101.0	89.7		105.9	148.1	2,850	110
May				105.8	145.4	2,872	107
June						2,911	105

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Hsng. starts*
1981							
1st qtr.	93.5	88.8	117.2	84.5	75.8	78.8	11.1
2nd qtr.	93.1	89.3	118.0	85.2	78.4	75.5	14.1
3rd qtr.	93.8	89.8	118.7	86.5	77.8	75.3	14.2
4th qtr.	93.3	90.0	121.3	86.4	82.3	75.5	11.6
Oct	94.0	90.0	122.0	87.0	84.0	75.0	13.2
Nov	93.0	90.0	121.0	86.0	82.0	76.0	13.9
Dec	93.0	90.0	120.0	87.0	81.0	75.0	7.8
1982							
1st qtr.	91.6	92.3	119.1	87.8	80.6	73.5	14.9
Jan	91.0	91.0	120.0	87.0	81.0	73.0	11.6
Feb	92.0	92.0	119.0	88.0	83.0	74.0	15.4
March	92.0	93.0	119.0	89.0	77.0	73.0	17.8
April	92.0	93.0	120.0	87.0	82.0	73.0	17.3
May							18.2

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1980							
4th qtr.	136.4	111.4	+1,265	+2,114	+222	105.2	27.90
1981							
4th qtr.	132.4	126.4	+482	+1,357	+698	99.8	23.35
April	127.1	104.7	+700	+1,055	+299	103.3	28.07
Sept.	129.3	122.2	+58	+271	+291	99.6	23.70
Oct	135.5	122.2	+296	+688	+74	98.9	23.32
Nov	129.7	136.3	−229	+63	+205	100.1	23.46
Dec	130.0	120.6	+315	+606	+419	100.4	23.35
1982							
1st qtr	125.4	123.1	+224	+553	+652	101.0	18.97
Jan	118.9	123.4	−152	−42	+168	101.2	23.23
Feb	124.3	120.5	+154	+264	+270	100.6	23.37
March	132.6	125.2	+222	+331	+214	101.2	18.97
April	134.6	130.3	+196	+346	+419	101.8	18.16
May							17.82
June							17.70

Trade figures for May-August 1981 not available because of Civil Service dispute.

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1981							
1st qtr.	6.8	8.8	12.4	+1,308	1,081	1,945	12
2nd qtr.	23.1	17.3	6.5	+4,036	1,103	1,984	12
3rd qtr.	3.1	18.1	29.7	+6,031	868	2,057	—
4th qtr.				+2,365	422	2,081	—
Sept	9.7	22.8	34.3	+2,622	334	712	—
Oct	−4.7	20.2	24.0	+1,425	154	690	—
Nov	7.6	17.3	20.4	+460	65	684	—
Dec				+480	203	707	—
1982							
1st qtr.				+3,139	987	2,157	
Jan				+853	356	665	
Feb				+1,104	347	698	
March				+1,173	264	794	
April				+1,600	437	728	
May				+1,699	478	709	

INFLATION—Indices of earnings (Jan 1975=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (1975=100).

	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1981							
1st qtr.	195.3	213.8	212.3	280.4	268.7	261.56	101.4
2nd qtr.	202.2	226.8	219.4	294.0	277.0	245.07	97.8
3rd qtr.	208.9	236.9	224.1	299.1	278.8	260.53	90.6
4th qtr.	214.6	237.3	229.2	306.5	285.6	248.97	89.7
Nov	214.3	236.9	229.4	306.9	285.5	245.79	90.1
Dec	217.1	236.8	230.4	308.8	288.5	248.97	90.8
1982							
1st qtr.	216.9	238.0	234.3	311.6	297.7	242.40	91.1
2nd qtr.		239.5	238.2			233.46	90.3
Jan	214.1	238.9	232.9	310.6	296.1	232.94	91.1
Feb	217.0	239.9	234.4	310.7	297.2	241.77	91.5
March	219.7	235.4	235.5	313.4	299.8	242.40	90.8
April	219.7	238.7	237.0	319.7	302.6	246.81	90.0
May		237.2	238.3	322.0	305.6	237.39	89.9
June		242.7	239.2			233.46	91.1

* Not seasonally adjusted.

Companies and Markets

INTERNATIONAL COMPANIES and FINANCE

Toshiba earnings fall 12% despite strong rise in group turnover

BY OUR FINANCIAL STAFF

TOSHIBA Corporation, Japan's second largest maker of electronic and electrical equipment, has reported an 11.6 per cent decline in consolidated net profits for the year ended March to Y44.31bn ($173.8m).

This was in contrast to the 7 per cent rise in parent company net profits to Y47.3bn reported earlier.

Three main factors contributed to the fall in consolidated earnings, the company said. First, severe competition brought price cutting in semiconductors, office automation and audio-visual fields which in turn reduced margins.

Sales of heavy electrical equipment rose 21 per cent to Y718.27bn to take a 31 per cent share of total sales. This made it the company's largest product category, supplanting home electrical appliances sales of which rose 3 per cent to take a 30 per cent share of the total.

Toshiba forecast a 20 per cent rise in net profits this year on a 10 per cent rise in sales.

Higher profits would come from cost cutting and rationalisation plus expansion of its electronics sector.

Second, margins were reduced on exports of heavy electrical equipment because of "undue competition," particularly from European and North American manufacturers suffering from weak domestic markets.

Third, poor demand cut the profits of most of Toshiba's consolidated subsidiaries.

Total consolidated sales rose 12 per cent to Y2,344bn ($9.2bn) compared with a 13 per cent rise in parent company sales to Y1,747bn.

● Nippon Oil, Japan's largest oil refiner, has forecast a net loss of more than Y20bn ($78m) for the first half ending September. It cited a sharper than expected depreciation of the yen against the dollar and sluggish domestic demand for petroleum products.

It reported a deficit of Y2.93bn for the first half of last year but went on to report a net profit of Y17.32bn for the full year.

Savona lifts stake in Grace

By Michael Thompson-Noel in Sydney

THE STRUGGLE for control of Grace Brothers, the Australian retailer, remained deadlocked yesterday, though Savona — thought to be a white knight—has raised its stake in the past five days to around 18.7 per cent from 18.1 per cent. Savona represents the interests of Tan Sri Khoo Teck Puat, the Singapore hotelier and developer.

Woolworths, which last week bid A$196m (U.S.$200m) for Grace Brothers, has 6 per cent of the shares. The company is unrelated to F. W. Woolworth.

In what has developed into a six-sided battle, the Grace family interests—including the Grace pension fund — control about 22 per cent of the shares.

Other stakes are held by Waltons Bond (20 per cent), the Adelaide Steamship Company (20 per cent) and the Westfield Property group (4 per cent).

On Tuesday, the National Companies and Securities Commission said it proposed to take no action following an investigation of the recent hectic dealing in Grace Brothers' shares.

Bond Corporation Holdings, the Waltons Bond parent, and Adsteam, are currently reviewing their options.

Dow stops investment in row on Korean venture

BY OUR FINANCIAL STAFF

DOW CHEMICAL will invest no more money in South Korea until a long-running dispute over its loss-making joint venture there is resolved, Mr Robert Lundeen, chairman of the major U.S. chemical company, said in Tokyo.

"I would advise investors who haven't already invested in South Korea that they ought to consider the situation very carefully," he added. Dow is the largest corporate foreign investor in the country.

Dow has a 50 per cent stake, representing a $120m equity investment in Korea Pacific Chemical Corporation. Its partner is Korea Pacific Chemical Holding Company, which has some 2,000 investors.

Each partner appoints four directors to the KPCC board. KPCH's appointees are nominated by the Seoul Government and all four hold management position. Dow says the four, two of whom are retired army generals, lack business experience and constantly fight with local Dow management.

Dow believes these frictions are partly to blame for the $18m of losses KPCC has run up in the past two years. This in turn has adversely affected Dow Chemical Korea, Dow's 100 per cent owned local subsidiary. DCK, in which Dow has invested $100m, sells virtually all its products to KPCC. DCK has reported losses totalling $42m for the past two years.

Dow said it wants to merge DCK and KPCC, rationalise overlapping activities and dismiss the four locally appointed KPCC directors. These include Mr S. C. Paik, president of KPCC.

KPCH, the Korean partner in KPCC, says Dow is using the complaints as a way to win control of the joint venture. Under the merger plan Dow has proposed that KPCH's stake in the merged company would be 30 per cent.

Dow, which has filed a suit against its Korean partners, wants to achieve a "reasonable solution," Mr Lundeen said in Tokyo. The dispute has lasted 18 months so far.

The four Korean appointed directors failed to attend a KPCC board meeting last week, Dow said.

KPCC was set up in 1969 and was profitable for its first 10 years. It makes a variety of petrochemical products

HK deal for Bear, Stearns

SHUN LOONG (HOLDINGS) (SLH) said it will set up a joint venture for securities and commodities brokerage with Bear, Stearns, the U.S. brokerage house, Reuter reports from Hong Kong.

The new company, which will be in equal partnership and is scheduled to start operation in August, will be based in Hong Kong and will allow each company to make use of the other's operations in the Far East, with the exception of Japan.

SLH will be in charge of the Far East brokerage business of the new firm, while Bear, Stearns will handle U.S. securities and commodities business.

Bear, Stearns was a partner with Sun Hung Kai Securities in a joint brokerage venture, Sun Hung Kai Bear, Stearns (U.S. Securities). This is being dissolved following SHKS' joint venture with Merrill Lynch announced on Monday.

A Filipino-Chinese tycoon takes on the Philippines' monopoly brewer. **Emilia Tagaza** reports

Fight breaks out in San Miguel's beer garden

Mr Lucio Tan, the Filipino-Chinese tycoon, who is mounting Asia Brewery's challenge to the country's largest conglomerate, is an enigmatic figure. His business muscle and links with President Marcos's circle has invoked the awe of competitors and associates.

A high school drop-out, the 49-year-old Mr Tan's rise from an impoverished street cigarette seller to master of business interests averaging annual sales of $375m has astonished Manila's business community.

Asia Brewery is the newest member of Mr Tan's empire, which includes Allied Bank — the Philippine's second largest private commercial bank — and Fortune Tobacco, whose wide-spread sales network has brought control of 80 per cent of the cigarette industry.

Businessmen in Manila believe that Mr Tan reflects the interest of President Marcos and his wife, Imelda. It is true that Mr Tan's meteoric rise was backed by the couple, but he is also backed by acute business sense and shrewd Chinese tactics.

His achievement is shown in Allied Banking, of which he is chairman, becoming the biggest private commercial bank in 1980, just two years after it started operating. Since then it has been the second largest, next to the Bank of Philippine Islands (BPI), the country's oldest bank controlled by Ayala Corporation—a close business ally of San Miguel.

SAN MIGUEL Corporation's 92-year monopoly of the Philippine's beer market is under threat. The intruder is Asia Brewery, backed by one of the country's largest commercial banks and by the influential Chinese community. It has penetrated the market to such an extent that the use in the bars of Manila of "San Mig" as the generic term for beer is fading.

San Miguel enjoyed an average growth of 12 per cent a year between 1973 and 1979, reaching a peak at the end of the period of 1.56m gallons. By 1981, demand had dropped by 2.8 per cent to 1.52m gallons, valued at 2.79bn pesos ($330m). San Miguel had foreseen further growth of the market in 1979, and had built an $88m brewery to serve the northern Philippines. The plant is now operating below capacity.

San Miguel attributes the decline to two factors: the lower real income of Filipinos and the increases in tax on beer in 1980 and 1981. The arrival of Beer Hausen will deal a further blow to San Miguel's sales.

Beer Hausen, Asia Brewery's only brand so far, aims to claim just 10 per cent of the market, but San Miguel is reacting with an advertising barrage that has thrown the two companies into a fierce battle. In a shrinking market, a 10 per cent share is valuable, particularly when beer earnings account for about 60 per cent of San Miguel's income.

San Miguel is a diversified concern, also producing many food products, and it controls the country's industrial packaging sector.

San Miguel's profit dropped last year from 364m pesos to 283m pesos, and Mr Andres Soriano Jnr, the company's chief executive officer, blames the decline on demand for beer.

To meet Asia Brewery's launch of Beer Hausen, San Miguel introduced a new brand, Gold Eagle, on which it spent $1.2m in two months. Since then, San Miguel has launched an onslaught of advertising campaigns, promoting its main brand—the San Miguel Pala Pilsen—but also Gold Eagle and two other minor beer products with the object of protecting its pale Pilsen against the more expensive Beer Hausen, which is a Pilsner-type brew with a higher content of alcohol.

Asia Brewery's advertising budget is not as large as San Miguel's but it is pinning its hopes on its marketing strategy, which exploits the Chinese connection.

The manager of a restaurant in Chinatown said that Mr Lucio Tan, Asia Brewery's president, personally approached some of the establishments for support. The manager said, "We are now convinced that the time is ripe for a second brand in the market." He added that when Beer Hausen was launched in January his sales averaged five cases (of 24 bottles each) a week: the average is now 15 cases a week.

Mr Tan's strong financial background makes Philippine beer drinkers wonder if Asia Brewery will be able to maintain the pace of its current sales, or whether it will suffer the same fate of companies that have challenged San Miguel's supremacy in the past.

San Miguel was first introduced in the Philippines in 1890 by La Fabrica de Cerveza de San Miguel, South-East Asia's first brewery. From a mere 500 barrels a year of Manila beer, La Fabrica has evolved into the country's largest corporation, producing 40 other products. It also operates nine other breweries in Spain, Hong Kong, Indonesia and Papua New Guinea.

San Miguel has dealt ruthlessly with previous competitors. Some were bought out by San Miguel. Some went under.

Since 1947, San Miguel has been the country's only brewer, protected in part by a government ruling that beer brewing was an "overcrowded industry." A strong indication of Mr Tan's influence was the Board of Investment's decision in 1979 to take beer off the list of overcrowded industries and to approve Mr Tan's application to to set up a second brewery.

Asia Brewery's $18.5m plant was inaugurated in the presence of President Marcos and his wife, Imelda. A glass factory is being built at Mr Tan's 495-acre complex 31 miles south of Manila.

San Miguel has a monopoly of the glass and bottle industry, so Asia Brewery must import all its bottle requirements until its own factory is in operation next year.

Mr Tan plans to raise the brewery's capacity from 11m gallons a year to 22m gallons.

Mr Tan does not now seek a full-scale beer war with San Miguel: "Our main intention is to earn profits, and to give Filipinos a wider choice of beer products."

Asia Brewery, however, is at a disadvantage in the battle for the provinces. San Miguel has additional breweries strategically located to serve the northernmost and southernmost provinces, but Asia Brewery has only its Manila plant. Beer Hausen is now sold in certain provinces in the northern and central regions but Asia Brewery has to subsidise the cost of transport.

Some bankers harbour doubts on Asia Brewery's long-term standing. When the company approached the Hong Kong loan syndication market last year for a $60m loan, some banks refused to have a part.

Asia Brewery inroads on the market may be upset by the recent increase in the tax on locally produced beer and liquor, which is expected to weaken the market.

Accountancy Appointments

Accountant
Welsh Rugby Union

Cardiff
c.£12,500

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Please reply to Duncan MacDonald, in strict confidence, with details of age, career and salary progression, education and qualifications, and quoting reference 1080/FT on both envelope and letter.

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128 Queen Victoria Street, London EC4P 4JX

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Continuing success has led to continuing expansion and we are now looking to fill the new position of Treasurer.

Reporting to the Finance Director, the Treasurer will be responsible for cash management and finance planning, and will be supported by a staff of 20 covering credit control, banking, purchase ledger and related functions. He or she will also be involved in tax and capital structure planning, pension fund work and in financial projects and studies.

The successful candidate will probably be aged 28 to 36 and will be a graduate Chartered Accountant. He or she will have spent at least 3 years in a medium-to-large industrial or commercial company and will have good experience in financial planning, cash management and tax planning, together with a knowledge of credit control techniques. Supervisory experience in a treasury environment is highly desirable.

In addition to the salary stated and a fully expensed car, we offer a wide range of benefits, as befits a company which is not only successful, but also believes that its people are its major asset and treats them accordingly.

To be considered for this position please write, enclosing full CV to Rosemary Browne, Personnel Department, Sony (UK) Limited, Pyrene House, Sunbury-on-Thames, Middlesex TW16 7AT. Telephone: Sunbury-on-Thames 81211.

SONY

ASSISTANT GROUP MANAGEMENT ACCOUNTANT

London E.C.4. **£12,000**

Our client is a well-known British Public Group (T/O c. £100m), which is a recognised leader in the provision of a wide range of communication services.

Due to promotion, a qualified accountant, aged 25-30 is required to join the Head Office finance team. He/she will assist the Group Management Accountant in the preparation of statutory and monthly group accounts, the control of capital and expense budgets and group cash forecasts, together with a variety of special assignments as delegated by the Finance Director.

Candidates should have two years' post-qualification experience in a large professional firm or commercial organisation and have the potential to develop within an expanding group.

Applications under Ref. No. RC 190 to: Miss Marion Williams, Extel Recruitment, 4 Bouverie Street, London EC4Y 8AB. Tel: 01-353 5272.

Extel Recruitment Executive Selection Consultants

DEPUTY GROUP ACCOUNTANT

LONDON W.1.

We are a forward-looking property plc with an interesting new position for a qualified accountant with varied experience in property companies.

Responsible to the Group Accountant the post calls for the ability to lead a team of accountants in all matters of accounts and management information. Applicants should send full details to:

Box A.7901, Financial Times
10, Cannon Street, London EC4P 4BY

Finance and Administration Director

GLEB has been established to carry through the GLC's new local authority economic strategy, aimed at creating long term jobs for London. Its work will involve:

— active economic intervention to preserve existing jobs and create new ones in the growth sectors of London.
— promotion of new forms of ownership and work organisation and including co-operatives and municipal enterprises.
— channelling London's technology resources to new and existing enterprises.
— developing packages of support for new projects, including buildings, advice, finance and technology.

Operational divisions of GLEB will deal with strategy, investment, technology, property and the development of new forms of enterprise. They will be supported by a Finance and Administration Division which will be responsible for all financial management and control services, company secretarial and legal matters, and personnel and office management.

The Division Director will be accountable to the Chief Executive for establishing and directing the division. He/she will be expected to take an active part alongside directors of the operational divisions as a member of GLEB's management committee. Particularly, he/she will be responsible for maintaining a close working relationship with the GLC's Finance Department and for advising the Board and the management committee on compliance with the financial requirements agreed between GLEB and the GLC.

The successful candidate will be a well experienced and qualified accountant with a track record in administrative and financial management. Relevant experience will have been gained in public, private or co-operative industry or commerce.

The salary is unlikely to be less than £20,000.

Applications are invited by 19 July 1982. For further details write to Alan McGarvey, Chief Executive Designate, Greater London Enterprise Board, Room 334A, The County Hall, London, SE1 7PB, or telephone 01-633 5665. GLEB is an equal opportunities employer.

Greater London Enterprise Board

Financial Controller

City **to £15,000+car**

Our client is a major group whose worldwide operations are primarily concentrated in the transportation sector.

This appointment carries responsibility for the whole of the accounting and financial planning functions of one of their highly successful shipping subsidiaries and will involve working closely with the General Manager on the development of overall commercial strategy.

Candidates (male or female) must be qualified Accountants aged 28-40 with previous supervisory experience and the ability to negotiate with external agencies at a senior level.

Please apply in writing, quoting reference 8191 to Peter Cox, A.C.I.S., M.E.C.I., Barnett Keel Personnel Consultancy Services Limited, Providence House, River Street, Windsor, Berks. SL4 1QT. Tel: Windsor 58283.

Barnett Keel
MANAGEMENT SEARCH

Mervyn Hughes Appointments

We are seeking a number of young Accountants, male or female, for positions offering salaries from £10,000 to £13,000. Examples of current assignments are:

MANAGEMENT ACCOUNTANT
Engineering Manufacturing — SE London

ACCOUNTING MANAGER
Advertising Industry — Central London

SYSTEMS MANAGER
Leisure Industry — Surrey

MANAGEMENT ACCOUNTANT
Printing & Publishing — Central London

CHIEF ACCOUNTANT
Travel Industry — London W1

SPECIAL PROJECTS ACCOUNTANT
High Technology — Middlesex

Candidates interested in these or other similar appointments, or merely interested in exploring the market, should please write or telephone for further information to B.G. Luxton, Mervyn Hughes Group, Management Recruitment Consultants, Garfield House, 86-88 Edgware Road, London W2 2EA. Tel: 01-258 3725.

NEW APPOINTMENTS

£15,000 - £50,000 p.a.

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APPOINTMENTS WANTED

ENTREPRENEURIAL MAN, 33, seeks opportunity in finance. My background is managing small manufacturing and trading businesses, together with management consultancy experience. The emphasis has been on sales and marketing. I wish to move into finance or finance related field, in sales and marketing with later progression into general management. Write Box A.7907, Financial Times, 10, Cannon Street, London EC4P 4BY.

JOBS COLUMN

It's not what you do, but where you do it

BY MICHAEL DIXON

HERE are the latest rough indicators of how much managers doing similar jobs in different countries can buy with the money they take home.

The figures come from the annual survey made by Employment Conditions Abroad, a trade association which provides organisations which subscribe to it with details on pay and perks prevailing around the world. In all, ECA covers about 75 countries. But my table is confined to 17. Anyone wishing for extra information should contact Ginny Spittle at 13 Devonshire Street, London W1N 1FS; telephone 01-637 7604, telex 299751 Eureca C.

The table shows the buying power in sterling enjoyed by people at three different levels of management which are commonly found in organisations throughout the world.

The lowest, represented by the left-hand pair of columns of figures headed "Level 1," typifies the head of a function such as marketing or finance in a single subsidiary company of a biggish group. Level 2 refers to the head of marketing or whatever covering a division of several subsidiary companies. The top rank, level 3, signifies the chief of the function throughout an entire group.

In each country and at each level, the manager is assumed to be paying tax and so on as a native of the place in question, and to be married with two children, but to be without any of the individually variable tax reliefs such as allowances on mortgage repayments. Consequently, for example, the United Kingdom manager at the lowest level retains e purchasing power of £10,900 out of gross pay of £15,250, at the middle level retains £14,250 out of £21,100 gross, and at the top grade takes home £18,400 out of £29,550 gross.

In every case too, the gross consists of salary and cash bonuses which are fixed payments, but leaves out of account any bonuses dependent on changeable factors such as turnover, profits and the like.

Having calculated what each of the typical managers takes home after the standard deductions, ECA then adds to the net pay the allowances generally available to executives with two children in the country concerned. The next step is to calculate what the resulting sums would buy in the particular country—which ECA works out with reference to a range of surveys of international living costs. The final step is to translate the respective purchasing powers into terms of UK prices.

The countries are ranked in the table, by the way, on the buying power of the level-two manager. I would have preferred to rank them on the top-level executive, but was stymied by the lack of any figures at this level for Greece.

The same lack prevents Greece from appearing in the right-hand pair of columns which show the percentage by which the highest-level manager was better off than the lowest. The percentage may therefore be viewed as a rough measure of the incentive for the bottom-rank person to strive for promotion to the top.

The incentive has apparently declined since last year in 11 countries, sharply so in both Ireland and Italy, and risen in five which include the UK.

As a result the most bossed Brit has relatively more to gain by rising to become the most bossy than the bottom-rank executives in 10 of the other countries, even though all but three of them would still be able to buy more on reaching the highest grade.

THE BUYING POWER OF EXECUTIVES IN DIFFERENT COUNTRIES

Country	Level 1 = head of function in subsidiary 1982 £	(1981) £	Level 2 = head of function in division 1982 £	(1981) £	Level 3 = head of function in group 1982 £	(1981) £	% rise from level 1 to level 3 1982	(1981)
France	18,650	(16,650)	25,250	(22,450)	32,350	(30,500)	73.5	(83.2)
Singapore	16,950	(17,100)	24,600	(25,700)	35,700	(39,100)	110.6	(128.7)
Switzerland	20,100	(16,700)	24,200	(21,600)	34,700	(27,600)	72.6	(65.3)
West Germany	18,350	(16,100)	23,550	(21,000)	32,700	(29,350)	78.2	(82.3)
Spain	16,850	(13,700)	22,450	(20,700)	30,250	(26,400)	79.5	(92.7)
United States	18,100	(17,300)	22,150	(21,450)	29,400	(27,800)	62.4	(60.7)
Canada	17,400	(18,000)	22,150	(22,600)	27,550	(29,100)	58.3	(61.7)
South Africa	16,800	(16,900)	21,650	(21,550)	26,900	(27,600)	60.1	(63.3)
Belgium	15,500	(14,150)	21,100	(18,150)	24,850	(23,050)	60.3	(62.9)
Italy	14,650	(11,550)	19,050	(16,200)	24,350	(21,850)	66.2	(89.2)
Australia	14,850	(13,900)	18,100	(17,400)	23,150	(20,900)	55.9	(50.4)
Netherlands	13,400	(11,500)	16,550	(14,350)	21,000	(17,450)	56.7	(51.7)
Greece	11,350	(9,950)	14,900	(13,050)	—			
United Kingdom	10,900	(9,500)	14,250	(12,050)	18,400	(15,350)	68.8	(61.6)
Ireland	10,200	(9,750)	12,250	(12,050)	13,900	(15,600)	36.3	(60.0)
Denmark	8,750	(7,750)	10,850	(9,850)	13,850	(12,400)	58.3	(60.0)
Sweden	7,350	(7,050)	8,050	(7,800)	8,850	(8,700)	20.4	(23.4)

Venturer

CONSULTANT Bryan Firth is seeking a rare variety of finance director to work in London for what he can describe only as "a kind of non-institutional finance organisation." Like the other headhunter to be mentioned later, who also may not name the employer, he promises that any applicant who so requests will not be identified to his client without specific permission.

The finance director's job entails responsibility to the chairman for the normal controlling, planning and reporting activities. What makes it rare is that the company, which has total assets of roughly £500m, wants to branch out into new ventures and the newcomer is expected to play a leading part in identifying suitable opportunities in the UK.

Although the way ahead is not thought to lie in extending the company's network of more than 40 retail banks or its running of other organisations' in-house credit-card systems, candidates will need understanding of the financial management of such activities. They should also be qualified accountants.

But no less importance is attached to a keen sense for promising investments in the UK market at large, whether these be by way of acquisition of established concerns or of taking stakes in innovations.

Mr Firth thinks that people whose 10 years of success outside the accountancy profession includes work in fast-moving consumer goods, would have an advantage. And perhaps because the chairman is American, a master's degree in management would help too. Salary about £25,000, perks include car and subsidised mortgage.

Inquiries to Bryan Firth and Associates, 1 Garrick House, Carrington Street, London W1Y 7LF; tel 01-499 0321, telex 894112 Arint C.

Food chief

DAVID JOHNSON of REP Consultants seeks e chief executive to work in the north of England with responsibility for the manufacturing of a range of dry powders for use in the food industry and for their marketing and sales internationally, with particular emphasis on the Middle East and West Africa.

First-hand knowledge of marketing to the food industry in these areas is essential, as of course is a successful record in managing a comparable business activity. Salary indicator is around £18,000, with car among other benefits.

Inquiries to Mr Johnson at 14 Barker Street, Nantwich, Cheshire CW5 5SY; tel 0270 626828.

ASSISTANT TAXATION MANAGER

Royal Insurance currently have a vacancy in their Taxation Division, which is located in Liverpool, for a person to play a leading role in taxation planning and research in respect of their worldwide non-life insurance operations.

The successful applicant must possess a detailed and up-to-date knowledge of UK corporate taxation law and have had several years' experience of its practical application to the affairs of a large, multi-national company. Additionally, some knowledge of taxation law in major overseas countries would be an advantage.

A first class benefits package is offered, which includes low interest mortgage facilities, pension scheme and generous relocation assistance where appropriate.

To apply, send full curriculum vitae to: Mr R.M.Armour, Administration Manager, Group Comptroller's Department, Royal Insurance plc., New Hall Place, Liverpool, L69 3EN.

Royal Insurance

Open to Male/Female.

Treasury Economist

London c.£17,500

One of the country's foremost financial enterprises is seeking a monetary economist for a challenging assignment in the Group Treasury operation.

The successful applicant, probably aged between 27 and 32 will be required to interpret and advise on monetary developments mainly in the International field. Experience of interest rate and/or exchange rate forecasting is required together with a good economics degree.

Commencing remuneration will be as shown above, prospects are excellent and benefits are in line with the best in the financial sector. Please apply in the first instance to the address below quoting Ref 248, enclosing a comprehensive curriculum vitae and indicating in confidence any companies to which your application may not be sent.

Charles Barker

MANAGEMENT SELECTION INTERNATIONAL LTD.

30 Farringdon Street, London EC4A 4EA. Telephone 01-236 0588.

MANAGEMENT SELECTION — EXECUTIVE SEARCH

FUND MANAGER

A leading firm of London Stockbrokers is seeking a Pension Fund Manager in its Fund Management department. The individual to be appointed to this senior position must be highly numerate, have a comprehensive knowledge of all areas of Pension Fund investment and a wide experience of reporting to Trustees. A degree or professional qualification is desirable.

The Research facilities available cover all areas relevant to investment decisions.

This position offers an attractive salary and very good prospects for the future.

All replies will be forwarded to our client. Please indicate in a covering letter any firms to whom you do not wish to apply.

Please send a comprehensive career résumé, including salary history, quoting ref. 2059, to W. L. Tait.

Touche Ross & Co, Management Consultants

Hill House, 1 Little New Street, London EC4A 3TR. Tel: 01-353 8011

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25 Whitehall, London SW1A 2BT.

Enquire also how these redeployment services can be included in your severance terms.

McKinsey

Banking Analyst

We are looking for a Banking Analyst for our Research staff. This person will normally work with our client teams helping to identify and solve technical problems. He/she will also be expected to initiate and participate in research topics, to further develop problem-solving techniques as well as using and enhancing existing databases.

Candidates will have an honours degree, preferably in economics or business administration; they will have deep knowledge of U.K./European banking and financial institutions; and must be able to analyse, interpret and communicate data.

Our clients include many of the world's largest and most prestigious organizations, the work is therefore varied and challenging. Our standards are high, our remuneration competitive.

If you are interested and have the necessary qualifications, please send a brief curriculum vitae, which will be treated with complete confidence to:

Director of Professional Staff Development, McKinsey & Company, Inc., United Kingdom, 74 St. James's Street, London SW1A 1PS

Assistant Head of Corporate Finance

Banking background

West Midlands £16,000+

Our Client, a large multi-national industrial Group is seeking to appoint an executive whose principal experience has been in merchant banking or related activities.

He or she will be a key member of a small high-powered specialist team in the Corporate Finance Department which has prime responsibility for implementing acquisition, divestment and joint venture policies and undertaking a wide range of financial investigations.

Ideally you will be a graduate in your early thirties with an accounting or MBA qualification and be looking for an appointment offering a positive route to the higher echelons of industrial management. Evident commercial flair and the ability to identify and evaluate business opportunities is, of course, a pre-requisite.

The initial salary will be in excess of £16,000 pa and the first class benefits include a company car and generous relocation package where appropriate.

Please write in confidence in the first instance with full c.v. and listing any organisations to whom your application may not be sent, to:

T. G. West (Ref. 181) Managing Director,

Whites

Whites Recruitment Limited, 72 Fleet Street, London EC4Y 1JS.

Offices: Aberdeen, Bristol, Leeds, London, Manchester and Wolverhampton.

DEPUTY CITY TREASURER

£18,561~£19,704 (under Review)

The City, population approximately one million, is the largest Metropolitan District Council. It employs over 50,000 people, has a rateable value of over £160 million and a turnover of about £700 million.

The Treasurer's Department plays a vital role in the overall management of the City Council and the Deputy Treasurer is expected to contribute significantly to that together with the effective management of the Department and leadership of a vigorous team presently undertaking a major review of systems and working practices. The duties will include acting for the City Treasurer as required.

The Department employs approximately 1,100 staff and is responsible for the administration of all the financial affairs of the Council including its computer.

Applicants, male/female, should be able to demonstrate substantial achievements and experience in public sector financial management. Application forms (returnable by 23rd July 1982) and further details may be obtained by telephoning 021-235 3748 or writing to:-

City Personnel Officer, Personnel Department, Snow Hill House, 1 & 19 Barwick Street, Birmingham B3 2PF.

Canvassing will disqualify.

BIRMINGHAM CITY COUNCIL

Corporate Finance Executives

£12,000-£18,000+Benefits

A number of our clients in the merchant banking field, which include many of the City's leading Accepting Houses and other banking institutions, are currently recruiting executives in order to strengthen their corporate finance activities.

We are therefore particularly interested in hearing from graduate accountants or lawyers, aged up to 30, with experience of corporate finance work in a recognised financial institution or within their respective professions.

Interested candidates should telephone Robert Digby B.A. or write enclosing a detailed curriculum vitae. All applications will be treated in strictest confidence.

David Clark Associates

4 New Bridge Street, London E.C.4

Telephone: 01-353 1867

A Badenoch & Clark Group Company

BROWN, SHIPLEY & CO. LIMITED

Merchant Bankers since 1810

CORPORATE FINANCE

Brown, Shipley & Co. Limited have a vacancy for an Executive to join their Corporate Finance Department.

Applicants are invited who would probably be in their mid to late twenties and after graduation would have obtained a professional qualification in accountancy, law or have a business school degree. Ideally they would have had some experience already in Corporate Finance work in the City.

Applications which will be treated in strict confidence should be sent, together with a curriculum vitae, to:—

The Personnel Director, Brown, Shipley & Co. Limited, Founders Court, Lothbury, London, EC2R 7HE.

NPA

CORPORATE F/X ADVISOR

Prime U.S. International Bank

Our Client is a major international bank acknowledged as a leader in the corporate treasury field.

Expansion of the bank's corporate treasury services calls for the recruitment of an experienced corporate dealer to join this professional team at officer level.

Candidates will be in their mid 20's/early 30's with a strong background in foreign exchange trading and experience of corporate development; knowledge of the energy sector would be an advantage.

This is a challenging opportunity to develop one's expertise in a highly successful organisation, and will be rewarded by a competitive salary and benefits to match.

Contact Norman Philpot in confidence on 01-248 3812

NPA Recruitment Services Ltd

60 Cheapside London EC2 Telephone 01 248 3812/3/4/5

Banking Executives

A leading member of the Accepting Houses Committee wishes to strengthen its Banking Department by the recruitment of young but experienced bankers in the age group 24-30. The vacancies have occurred because of growth and internal promotion. The jobs will be to market and manage the business of the Banking Division in defined markets.

Positions to be filled relate to European, Far Eastern and South American territories. While banking experience in these markets is an ideal requirement, general banking knowledge with the relevant language would be a sufficient qualification. Thus language proficiency in Spanish/Portugese, French and German is of special importance, with a personal ability to communicate and operate at senior levels.

The Banking Division is structured to allow for personal development and promotion is based on ability rather than age. Salaries are attractive and equate to the level of appointment, which is flexible and will take into account the length of experience of applicants.

Replies containing outline career details and quoting reference 1790 will be forwarded direct to the Management Consultants advising on this appointment, who are registered as an Employment Consultancy.

Charles Barker

RECRUITMENT ADVERTISING SERVICES

30 Farringdon Street, London EC4A 4EA. 01-236 3011

LIFFE BROKERS/DEALERS

J. Aron & Company, a prestigious international trading firm and a member of the Goldman Sachs Group, is expanding its dealing activities in the U.K. We have positions available for dealers and brokers on the LIFFE. Candidates should have proven records in one of the following fields :-

- **Foreign Exchange trading or broking**
- **Metals trading or broking**
- **Commodities trading or broking**

These opportunities will appeal to ambitious individuals who seek a long term career in a dynamic environment. The appointments will be highly remunerative and we offer a generous fringe benefits package.

Applications should include full C.V. and will be treated in confidence.

Please direct inquiries to : Mr J. J. Ferro
Director of Operations
J. Aron and Co. (UK) Ltd
162 Queen Victoria Street
London EC4V 4DB

HIGSON PING

Commercial Managers

Service Industry. London & Midlands

c£13,000 plus car

Our client is a service company operating nationwide. As part of the development of this expanding business, commercial managers are now sought to assist with improvement of regional profitability.

The requirement is for ambitious, practical and profit-orientated accountants, male or female and aged around 30. A service industry background is highly desirable: certainly experience in a highly sales-orientated environment is essential.

These posts are stepping-stones for promotion and prospects are excellent.

Please write to MJB Ping, quoting P.1420(F), or ring Higson Ping Limited and ask for a personal history form.

Higson Ping Ltd./Executive Recruitment Consultants.

110 Jermyn Street, London SW1Y 6HB.

Telephone: 01-930 4196 (24 hour answering service).

ACCOUNTANT (US BANK) Salary c £14,500

This well known American Bank is seeking a Manager for its Accounts Department. Preference will be given to candidates with an accountancy qualification and previous bank accounting experience.

The Department is computerised, has a staff of twelve, and is expected to expand in the near future. The ability to motivate and liaise closely with a hard working team is important, as is the potential for early promotion. Age 28-39.

Please contact: David Little

OPERATIONS Salary c £10,000

A well motivated and talented international banker is sought by a recently established European bank for operations duties. Ideal applicants will have knowledge of computerised accounting, preferably IBM 34—COBOL, and be familiar with the full range of operations procedures. A minimum of 7 years banking is considered essential. Age 25-35.

Please contact: Brenda Shepherd

Jonathan Wren

BANK RECRUITMENT CONSULTANTS

170 Bishopsgate · London EC2M 4LX · 01 623 1266

FINANCIAL PUBLIC RELATIONS

For the next phase of our expansion we require two senior financial public relations directors. People who can discuss corporate and financial strategy with clients at Chairman and Chief Executive level. We also need a financial advertising account director.

The people are likely to be currently holding senior public relations or corporate planning appointments in a consultancy or in a financial or public company.

We would consider applications from individuals or from the principals of a small to medium sized consultancy who might be interested in merging their business with ours.

Grandfield Rork Collins Financial specialises in public relations, advertising and other forms of communications for the financial, corporate and business sectors.

We're part of the Grandfield Rork Collins Group, one of the country's fastest growing communications groups, with a £33 million turnover and employing 140 people.

Equity participation is available together with profit sharing and a unique pension scheme particularly suitable for senior people joining us in mid-career.

Please write or telephone: Andrew McLaren, Managing Director, Grandfield Rork Collins Financial Limited, 34/35 Queen Street, London EC4R 1BR. Tel: 01 236 5863.

Grandfield Rork Collins Financial

International Systems Auditor

A key career role for a high-calibre, mobile young Accountant
c £13,000+major benefits

Morgan Guaranty Trust Co.of New York is one of the world's leading international corporate banks with branches in every major financial centre in the world. We utilise a wide range of sophisticated data processing, communications and information systems, and systems development activity is planned to continue at a high level for the forseeable future.

A high calibre young Accountant is now required to join a small team which provides systems audit direction and assistance to branches and affiliates. The role involves co-ordinating and performing system audits and providing standards and training for local branch auditors. You will be based in London, but should expect to spend up to 30% of your time travelling overseas.

Our need is for a qualified Accountant with at least 2 years' systems experience, either in computer audit or in consultancy. Experience of systems development in the financial sector, or communications technology would be an advantage and it is essential that you be able to demonstrate sound interpersonal and leadership skills combined with the ability to adapt to new situations quickly.

The position involves substantial exposure to senior management and to state-of-the-art technology and will provide the successful man or woman with a strong career path within the bank, both in Internal Auditing and in other divisions.

In addition to a salary of around £13,000 pa we offer a benefits package which includes a profit sharing bonus, low interest mortgage facilities and non-contributory pension, medical and life assurance plans.

Please telephone for an application form or write with a full c.v. to Mark Parker, Morgan Guaranty Trust Company of New York, PO Box 161, Morgan House, 1 Angel Court, London EC2R 7AE. Tel: 01-555 3111 extension 2743 or 2632.

The Morgan Bank

Treasurer

Our clients are a substantial Trading and Commodity House in the City of London. They seek someone with substantial and relevant experience in the Money Market or Financial Sector.

All enquiries will be accorded strictest confidence. Please write with full details quoting reference 1788 and listing separately those companies to whom you do not wish your details to be sent. Applications will be forwarded directly to our client.

Charles Barker
RECRUITMENT ADVERTISING SERVICES
30 Farringdon Street, London EC4A 4EA. 01-236 3011

Bank Recruitment Specialists

BUSINESS DEVELOPMENT LATIN AMERICA
negot., £17,000 upwards

A senior appointment within the London-based Loan Syndication Group of a well-established American bank. We should like to meet individuals who are presently employed at A.V.P. level or above, have proven experience in the business development of international bank services in Latin America, and (ideally) are fluent in Spanish and/or Portuguese.

SENIOR FOREIGN EXCHANGE DEALERS
to £17,000

Two appointments, each affording exceptional scope to an ambitious, all-round F.X. Dealer skilled in Eurocurrency arbitrage and spot/forward Foreign Exchange. Our client is in one case a clearing bank, in the other a respected European bank whose London Branch is shortly to open.

ASSISTANT FINANCIAL CONTROLLER
to £13,500 + car

A qualified Accountant (A.C.A./A.C.C.A.), aged 27-33, is sought for appointment as Asst. Financial Controller at the London office of an American bank subsidiary. The scope of the role includes tax planning, internal control (involving some European travel), treasury, company secretarial, and lease evaluation in addition to the normal accounting function. A minimum of 18 months' commercial experience—financial or otherwise—is desired.

AUDITOR
c. £10,000

This post would suit an ambitious young international banker (aged mid/late 20s) with current Audit experience backed up by a previous background in the operations departments more generally. A U.S. bank background would be ideal, although this is not essential. Based: City (no travel).

Please telephone Ken Anderson or Leslie Squires, 01-248 7421 or 01-248 8876

Anderson, Squires, Bank Recruitment Specialists
Regina House, 1-5 Queen Street, London EC4N 1FP

Anderson, Squires

BANKING OPPORTUNITIES

FOREIGN EXCHANGE DEALER c. £15,000
An experienced dealer aged late 20s is required by an international bank. Must be strong on dollars, spot and forward.

BUSINESS DEVELOPMENT c. £15,000
An international bank requires a business development specialist aged late 30s to market bank services covering UK and Europe. An ability to speak Spanish would be an advantage.

EUROBOND DEALER c. £15,000
An experienced bond dealer is required by a well-known name in the market. Must be aged late 20s and experienced in FRNs and CDs.

SYSTEMS DESIGNER c. £12,000
European bank seeks systems designer with experience of IBM 34 RPG2 language. Age mid/late 20s.

ACCOUNTANT £9,000-£10,000 a.a.e.
No. 2 to chief accountant required with good international bank accounting background — reconciliations, MIC, TTs, P & L, management accounts.

LJC Banking Appointments Ltd.
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01-283 9953

North Sea Economics
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The British National Oil Corporation is a major force in oil exploration and production in the North Sea and has enjoyed rapid expansion during the past six years. However, as an innovative company, committed to safeguarding future British oil supplies, BNOC has recognised the need to go further afield and is now venturing into international and deep water exploration.

Given this continual development and expansion, it is understandable that the computer systems needed to support the complex technical activities and the forward planning decisions are becoming increasingly demanding.

Our highly developed systems are centred on an IBM 3033N, running under OS/MVS as the focal point of an impressive distributed network of Hewlett-Packard 3000s. This is being further enhanced by the installation of a 3850 Mass Storage System.

During 1982, our Analysts will be creating a sophisticated set of economics and financial modelling systems to match the Corporation's growing and diverse activities. Accordingly, we are now seeking further Senior Analysts who can bring successful project experience (possibly including the management of small groups) to strengthen our existing team.

This will attract highly numerate graduate analysts with about 6-8 years' experience which should include software development and computer modelling using FORTRAN and financial modelling languages such as FCS.

This is an exciting opportunity to become involved in the early stages of an expanding venture with a dynamic and progressive company offering outstanding career prospects. In addition, we offer a very competitive salary and benefits package, which includes generous assistance with relocation arrangements where appropriate, outstanding pension and life assurance provisions and BUPA facilities.

Cosmopolitan Glasgow offers all the amenities you would expect in a modern city, with a lively intellectual and artistic life. It is the home of Scottish Opera and Ballet, and houses some of the finest art collections in Britain. A short journey brings you to the wide open, unspoilt spaces of the Clyde Valley, the Campsie Hills and the Trossachs. For golf, fishing, ski-ing, mountaineering, and other pursuits, there are unsurpassed facilities—and all on BNOC's doorstep.

If you are confident you have the experience to make an immediate and positive contribution to our work, contact our Project Leader, Joe Harley, on 041-226 5555 (or during the evening on 0475-85973) and learn more about our forward thinking plans. Alternatively, write for an application form, quoting ref SACM/BE/FT, to: Bob Evans, Divisional Personnel Officer, The British National Oil Corporation, 150 St. Vincent Street, Glasgow, G2 5LJ.

BNOC
The British National Oil Corporation

SENIOR INVESTMENT MANAGEMENT

Vacancy

Large conventional life office with significant and expanding unit-linked funds offers a senior investment management post at its London Head Office. Initially main responsibility would be managing the securities-linked portfolios. Prospects for further promotion are particularly good.

Applications are invited from candidates aged about 40 who have some fifteen years of comprehensive institutional investment experience. An actuarial qualification is not essential but would be an advantage.

Fringe benefits include:—Annual productivity payment and, after qualifying periods, Non-contributory pension, Favourable house purchase facilities

Apply, giving full personal and career details, to Box A7908, Financial Times, Bracken House, Cannon Street, EC4.

INTERNATIONAL BANK LENDING

MARKETING OFFICER, W. EUROPE c. £20,000
Active international bank seeks a mature banker with strong credit skills and substantial experience of developing profitable business in W. Europe. Fluency in German/French highly desirable.

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Major merchant bank offers progressive career to a young banker with good exposure to the analysis, documentation and syndication of large-scale international loans.

CREDIT ANALYSIS £9,000-£11,000
A number of opportunities occur with good City names for young people with genuinely sound training and skills in corporate analysis/credit appraisal. Languages helpful.

Please telephone Ann Costello or John Chiverton AIB

JOHN CHIVERTON ASSOCIATES LTD.
4/5, Castle Court, London, E.C.3, 01-623 3861

The Investment Specialists' Consultancy

FUND MANAGEMENT
to £15,000
Aged 24 to 30 and a graduate with at least two years experience of either analysis or fund management, gained within an institution or Stockbroker, to manage pension and other funds within a major institution.

GILT RESEARCH
c. £20,000
Probably aged 28 to 35 with several years relevant experience, ideally gained with a Stockbroker, to take over responsibility for all aspects of gilt research for a leading firm of U.K. stockbrokers.

CONSUMER RESEARCH
£15,000 to £20,000
A graduate with a proven track record of at least 3 years experience in investment research to take over responsibility for the consumer sectors within a major U.K. stockbroking firm.

EUROPEAN RESEARCH
c. £20,000
A graduate aged 27-32 with some experience of investment analysis, good communicative and linguistic abilities to research and market European companies for a U.K. investment organisation, based in London.

For an initial discussion, in the strictest of confidence, about these or many other positions with stockbrokers or institutions from £8,000-£50,000, please contact:- Stephen Embleton or Elizabeth Evans

Stephens Associates
International Recruitment
44 Carter Lane, EC4V 5BX
Telephone: 01-236 7307

EUROBOND TRADER/SALES Salary up to £25,000
An experienced trader to deal with F.R.N.'s $ straights, convertibles and generally cover short-term money market instruments. This is a good position with an international bank highly respected in the U.K. sector.

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To deal mainly with the placing of bonds and issues, dealing in fixed rate notes and dollar floater. Salary is negotiable but will be around the *£20,000 level.*

FOREIGN EXCHANGE DEALER Salary £15,000
Foreign exchange dealing in the main Euro currencies, $ and yen. The successful applicant will have knowledge of loans, depo's and arbitrage. Possibility of overseas travel although this is limited.

SENIOR FOREIGN EXCHANGE DEALER Salary £20,000 circa
Established international bank wish to appoint a senior foreign exchange dealer to assume a vital role within an extremely active City dealing room.

DEPOSIT DEALER Salary Excellent
Continued success in the international money markets has subsequently enabled our client to expand their foreign deposit desk. They seek a true professional who has the ability to perform consistently under pressure. A first-class salary and unique benefits make this an outstanding opportunity.

FTB Recruitment (London) Limited
5th floor Moorgate Hall
143/163 Moorgate London EC2
Tel: 01-588 4681/2/3

BUSINESS CO-ORDINATOR

The ideal person we seek for *Jonathan Wren & Co. Ltd.*, is a retired or redundant international/clearing banker. The job is to compose well-turned copy for our extensive advertising, to be editor of our weekly bulletins which have a circulation of 400 plus, be totally responsible for the compilation of our Salary and Fringe Benefit Guides. Applicants should therefore be literate and numerate, meticulous over detail and possess personality, tact and communicative skills to fulfil business development and public relationship roles.

Salary negotiable c. £8,500

Please contact:
Paul Trumble at
JONATHAN WREN & CO LTD
170 Bishopsgate
London EC2M 4LX
Tel: 01-623 1266

Internal Auditor
Merchant Bank
c£17,000

Our client is an established City Merchant Bank which is expanding its operations and needs to recruit an experienced Auditor to further strengthen its management team.

This key appointment will report to the Managing Director and carry considerable influence across the entire range of the Bank's activities. Particular emphasis will be placed on the introduction of new software systems.

Candidates should be committed to a career in merchant banking aiming ultimately for senior financial management. Now in their late 20s to early 30s, possessing at least 4 years' internal audit experience within the merchant banking sector, they should also have direct knowledge of computer auditing techniques. A recognised accounting or banking qualification would be a distinct advantage.

The benefits offered are excellent and include a generous mortgage subsidy, non-contributory pension and life assurance cover. BUPA and five weeks' holiday. A fully expensed company car will be provided after an initial qualifying period.

To apply please telephone or write quoting ref. 6169.

Lloyd Chapman Associates
123, New Bond Street, London W1Y 0HR 01-499 7761

TRADER TRAINEES – LIFFE

We are a leading international trading firm expanding foreign exchange dealing activities in the U.K. in conjunction with the opening of the London International Financial Futures Exchange. Exposure to dealing and foreign language skills would be preferable.

We are looking for individuals with 2 to 3 years' of professional experience, who have demonstrated success records, and for exceptionally talented, recent graduates of Business Schools. You should be open to training in New York.

Our organisation offers exposure to many aspects of the world of Finance and Commodities and you will be trained by industry experts.

If you are seeking a career opportunity in the world of trading, have a desire to succeed in this highly stimulating, competitive environment and are motivated by excellent rewards – this may be the opportunity for you.

Compensation is competitive and we offer an outstanding fringe benefits package.

Please send your application and full C.V. in confidence to:

Box No A. 7903 Financial Times
10 Cannon Street EC4P 4BY

Marketing Financial Analyst

Lilly Industries Limited, a subsidiary of the Eli Lilly Corporation, one of the world's leading pharmaceutical manufacturers, has an excellent opportunity based at its Basingstoke offices for a Marketing Financial Analyst.

The position reports to the Group Marketing Controller. The emphasis is on the interpretation of financial and marketing information and to work with marketing personnel at all levels.

Suitable candidates must be qualified accountants with at least two years' post qualification industrial experience: ideally aged between 25-35; preferably a graduate with a high level of interpersonal skills.

We offer excellent benefits and conditions which include a highly competitive salary, a non-contributory pension and life assurance scheme, subsidised BUPA and first class career prospects.

Please write in confidence, or telephone:

Lilly Industries Limited

Bill Crawford, Personnel Department, Lilly Industries Limited, Kingsclere Road, Basingstoke, HANTS RG21 2XA. Tel: Basingstoke 53131.

Are you a successful PHYSICAL COMMODITY TRADER

who would like the opportunity to start your own department/business under our umbrella? Established, international Produce Merchants, with a very successful record of assisting proven traders develop their own business, presently have resources free to consider one more such venture.

Please write, with full details, to:
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10, Cannon Street, EC4P 4BY

You are assured that replies and subsequent negotiations will be treated in the strictest confidence.

A CAREER IN IMPORT-EXPORT

Liantis Trading Co. Ltd. has worldwide business in handling all sorts of commodities and is looking for the right person to assist the Managing Directors. The successful applicant can expect a senior position to work under the M.D. and set up his office in the U.K. and be prepared to travel worldwide.

Applicants should be under 40 with experience of working under pressure and evidence of achieved result. Please write with full details, attaching curriculum vitae, to:

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HILL OSBORNE & CO.
Stockbrokers

Due to impending retirement we have vacancies for two Associated Members with sound investment business willing to locate in our Lincoln and Scarborough offices. Competitive terms offered plus the usual support facilities expected of a progressive firm. Reply initially to:

J. C. Strange, Permanent House,
Horsefair Street, Leicester LE1 5BU
Tel: 0533 29185

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who wish to earn an income in excess of £10,000 pa to join a company whose expansion plans are exciting, with tremendous opportunities to move into management. The people selected will possess drive and enthusiasm and must be capable of working with the minimum of supervision.

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Fraser Smith Schroder Life Group
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GHN Gardiner Hill Needham Executive Counsel Ltd. Royds House, Mandeville Place, London W.1.

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MANAGERS

Skypak, the Australian-owned international courier company, has vacancies for Managers to take up positions in various parts of the world.

Experience in the courier industry is not necessary but applicants will need to demonstrate the ability to profitably manage personnel, accounting and sales and be prepared to live in South-East Asia, Middle East or South Africa.

Preferred age group is 28-35 years, either single or married, but persons outside this bracket will be considered. Salary will depend on location but, as a guide, includes car, housing allowance, medical and annual leave travel.

Interested persons may submit full written details or telephone for further information to:

Chief General Manager
SKYPAK INT. (UK) LTD.
Spitfire Estate, Spitfire Way
Hounslow, Middlesex TW5 9NW
Tel: (01) 561 2345

BURMA TIMBER CORPORATION
require a
SAWMILL CONSULTANT

RESPONSIBILITIES

Supervision of installation, and management of operation of a sawmill of annual capacity 17,000 cu.m per shift, at Monywa (160 km from Mandalay) under loan proceeds of Asian Development Bank.

Planning for and supervision of the operation of five (5) existing sawmills under the Project.

Training of local sawmill engineer.

QUALIFICATIONS

A university degree or equivalent in Forestry, Wood Science or Engineering with minimum 10 years' experience in sawmilling.

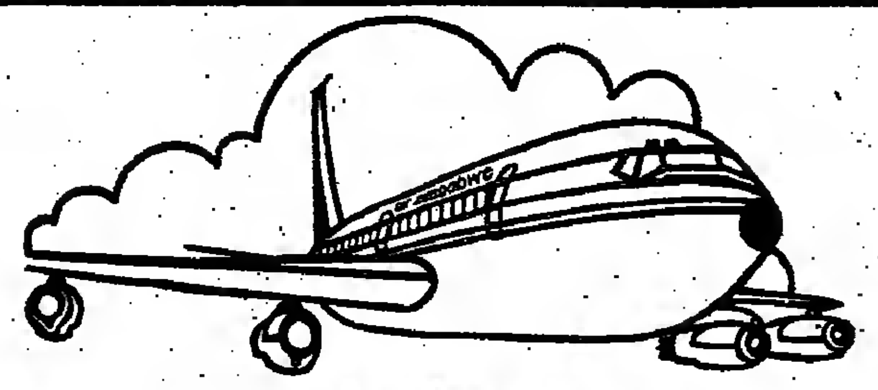
REMUNERATION

Internationally competitive salaries to be paid in U.S. Dollars, with free transportation and accommodation.

CONTRACT DURATION

12 months.

Send Bio-Data to:
Managing Director, Timber Corporation, P.O. Box 206 Rangoon, Burma, not later than 15 August, 1982



AIR ZIMBABWE

Applications are invited for the post of

CHIEF INTERNAL AUDITOR OF AIR ZIMBABWE CORPORATION

based at the Corporation's Headquarters at Harare (formerly Salisbury) Airport, Zimbabwe.

Applicants should be either CA, ACCA or equivalent, who have at least five years' post qualification auditing experience. A university degree in a relevant field and airline accounting experience would be an added advantage.

This position calls for a person with the necessary organising ability, initiative and experience to establish a new Audit Department.

In return the Corporation offers:-
*An excellent starting salary
*Membership of contributory pension and medical aid schemes
*Concessionary travel privileges
*Generous leave

Harare is a modern city with good health, recreational and educational facilities, and enjoys year-round sunshine.

Interested persons are requested to send full details of curriculum vitae to:-

air zimbabwe
Fast and friendly — right down the line.

The General Manager,
Air Zimbabwe Corporatinn,
P.O. Box AP.1,
Harare Airport.
Zimbabwe.

Commercial Banker

Nigeria 30/40 c£25,000

Our client, a key force in international merchant banking, is expanding their substantial coverage of the African continent by establishing a full scale banking entity in Lagos.

They seek a commercial banker, preferably with experience of the area, to look after most aspects of senior level Governmental and client contact, plus credit analysis and assessment. He will form part of the Senior Management team.

The job calls for a commercial banker who has experience of expatriate situations and who has the flair and experience level to fit quickly into a new environment.

The generous salary indicated will be supplemented by the usual expatriate benefits including yearly two-month home leave, housing etc.

Please write in the first instance to Colin Barry at Overton Shirley and Barry, (Management Consultants), Second Floor, Morley House, 26 Holborn Viaduct, London EC1A 2BP. Tel: 01-583 1912.

Overton Shirley and Barry OSB

EMHART

We are looking for a

GENERAL MANAGER
for an
American Multinational Company

Our glass container machinery group requires a General Manager for its marketing operations in the Far East, S.E. Asia and Australasia. The position is one of considerable responsibility and includes the following:

— Stationed in Singapore.
— Management of operations through the companies in Tokyo and Singapore and liaison with the consultant in India.
— Considerable travelling within the market area.
— Ability to manage and motivate an international sales team.
— A good knowledge of management accounting, budgeting and market forecasting.

Qualifications:

— A university degree in mechanical engineering and/or business administration.
— Experience in general management and marketing management.
— Knowledge of engineering production methods for a small parts production shop.
— Experience of working in the Far East an advantage.
— Age not over 45.
— An excellent knowledge of English is essential.

Salary and benefits to be negotiated but will be commensurate with the position and the responsibilities.

Please apply in your own handwriting and include a photograph; give full details of education, training, experience and family to:

The Personnel Manager
EMHART ZURICH SA
Seefeldstrasse 224, P.O. Box 474
Ch - 8034 Zurich, Switzerland

NIGERIA

We are looking for a Managing Director for our office in Lagos. Applicants should be single, aged 30-40 and should possess a high degree of self-motivation as well as having general trading experience, preferably with Nigeria.

Salary negotiable.

Full c.v. to:
Box A.7904
Financial Times
10, Cannon Street
London, EC4P 4BY

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Kuwait

ARA International
SEARCH, SELECTION AND RECRUITMENT ADVERTISING.

Our client, a major oil refinery company, is currently seeking a Qualified Accountant whose main function will be to control contractor expenditures, approve budgets, check and monitor purchase orders, payment terms, L/Cs, letters of guarantees and the reconciliation of the company accounts.

The position requires the successful candidate to have had 7 years' experience in all aspects of accounting of which 3 years' should have been involved in project accounting preferably within the oil industry. Perfect English is essential and a working knowledge of Arabic would be ideal.

A tax free salary from £12,300 is offered, with an attractive benefits package which includes: married status, free air-conditioned accommodation, children's educational assistance, coverage under the company's compensation and term life insurance schemes, air passage for employee and family with annual leave of 45 days, free medical services and termination benefits.

Please write or phone for an application form to: R. Banner-Martin, ARA International, 11/12 Hanover Street, London W1R 9HF. Tel: 01-629 2356 Ext 217.

BURMA TIMBER CORPORATION
require a
WOOD PRESERVATION AND SEASONING SPECIALIST

RESPONSIBILITIES

Supervision of installation and management of operation of two dry kilns and two impregnation plants with annual capacity of 8,500 cu.m each at Monywa (160 km from Mandalay) under loan proceeds from Asian DevelopmentBank.

Development of hardwood utilisation and practical training of local staff.

QUALIFICATIONS

A university degree or equivalent in Forestry, Wood Science or Engineering with minimum 10 years' experience in wood preservation and seasoning.

REMUNERATION

Internationally competitive salaries to be paid in U.S. Dollars, with free transportation and accommodation.

CONTRACT DURATION

Five (5) months.

Send Bio-Data to:
Managing Director, Timber Corporation, P.O. Box 206 Rangoon, Burma, not later than 15 August, 1982

Chief Accountant
Middle East
c £17,500 tax free

This is an exciting career opportunity to head-up the accounting function in a new venture, part of an eminent international group.

Aged under 45, you will hold a recognized accountancy qualification, have experience of retail trading, and have the potential to grow with a new chain specializing in top quality merchandise in an expanding market.

Benefits include an open-ended contract and an above average employment package.

Please send C.V. to:-
INTERNATIONAL MANAGEMENT SELECTION LIMITED,
121, High Street, Oxford OX1 4DD.
Tel: (0865) 726127 (24 hour service).

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BANKERS

specializing in development and/or commercial banking for long-term assignments in developing countries.

Successful candidates will have:

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- professional banking qualifications
- all-round banking experience (minimum 10 years)
- experience in developing countries (minimum 5 years)
- fluency in English and/or French

You are invited to write, giving full details of qualifications and experience, to:

BMB, Management Consulting for Development B.V.,
P.O. Box 1, 5000 AA TILBURG
The Netherlands, Tel. (0)13-350034

FINANCIAL INVESTMENT COMPANY

with predominantly Australasian interests seeks top executive whose attributes enable him to work at great distances from, but in close conjunction with, the principal shareholding company.

This position (which could lead to a directorship) is to be based in Australia/New Zealand and its demands necessitate a seasoned all-rounder (35-45) whose integrity and commitment to success are undoubted. An immediate start is envisaged.

In the first instance please write to:

WALTONBRIDGE LTD. (Ref. J.C.)
13/15 Davies Street, London, W.1
with full details and CV, together with anticipated salary and terms

---

DIRECTOR OF INTERNATIONAL AUDIT

We are a large multinational firm with a challenging career opportunity in International Audit. This position, based in New York City, offers the unique opportunity for travel throughout Europe, South America, and the Far East to conduct financial and operational audits. Candidates must speak two or more languages, preferably English, French and Spanish and have meaningful exposure to foreign exchange risks. Specific experience in public accounting is required. Degree in Accounting or Finance with CPA or Chartered Accountancy preferred.

Please respond in confidence with salary history to our representative, John P. Runden
JOHN P. RUNDEN AND COMPANY
P.O. Box 879, Upper Montclair, New Jersey 07043
(201) 746-2102

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Financial Times, 10 Cannon Street, EC4P 4BY

COMPANY NOTICES

HOPE STREET FUND S.A.
société anonyme
Registered Office:
LUXEMBOURG, 14, rue Aldringen
Registre de Commerce:
Section B No. B.621

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

The Annual General Meeting of Shareholders of HOPE STREET FUND S.A. will be held at its registered office at LUXEMBOURG, 14, rue Aldringen on July 16th, 1982, at 15.30 hours for the purpose of considering and voting upon the following matters:

1. To hear and accept the reports of:
   a. the directors
   b. the statutory auditor.
2. To approve the balance sheet and the profit and loss account for the year ended March 31st, 1982 and to consider declaration of dividend.
3. To discharge the directors and the auditor with respect to their performance of duties during the year ended March 31st, 1982.
4. To elect the directors to serve until the next annual general meeting of shareholders.
5. To elect the auditor to serve until the next annual general meeting of shareholders.
6. Any other business.

The shareholders are advised that no quorum for the statutory meeting is required and that all decisions will be taken at the majority of the shares present or represented at the meeting with the restriction that no shareholder neither by himself nor by proxy can vote for a number of shares in excess of one-fifth of the shares issued or two-fifths of the shares present or represented at the meeting.

In order to take part at the statutory meeting of July 16th 1982 the owners of bearer shares will have to deposit their shares five business days before the meeting at the registered office of the Fund, 14, rue Aldringen, Luxembourg, or with one of the following banks:

—Banque Générale du Luxembourg, S.A., 14, rue Aldringen, LUXEMBOURG.
—Clydesdale Bank Limited, 30 Lombard Street, LONDON, E.C.2.

THE BOARD OF DIRECTORS

MURRAY FUND S.A.
société anonyme
Registered Office:
LUXEMBOURG, 14, rue Aldringen
Registre de Commerce:
Section B No. B.335

NOTICE OF EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

An Extraordinary General Meeting of Shareholders of MURRAY FUND S.A. will be held at its registered office at Luxembourg, 14, rue Aldringen, on July 16th, 1982 at 15.15 hours for the purpose of considering and voting upon the following matters:

1. To amend the date of the ordinary general meeting of shareholders which will be held in future on the second Friday of the month of August and for the first time on that date in the year 1983.
2. To renew the authorisation to the Board of Directors to issue additional shares within the authorised capital for a further five year period.

Shareholders are advised that the quorum required at the meeting is the holders present in person or by proxy of at least 50 per cent of the shares of the company in issue. In the event that a quorum is not present a second Meeting, at which there will be no quorum requirement, may be convened by further notice.

In accordance with Luxembourg Law, the Resolutions to be proposed on the above Agenda and at any second Meeting, will require the concurrence of two-thirds of the total number of shares represented at the Meeting.

In order to take part at the statutory general meeting of July 16th, 1982 the owners of bearer shares will have to deposit their shares five clear days before the meeting at the registered office of the Fund, 14, rue Aldringen, Luxembourg, or with the following banks:

—Banque Générale du Luxembourg, S.A., 14, rue Aldringen, LUXEMBOURG.
—Clydesdale Bank Limited, 30, Lombard Street, LONDON, E.C.2.

THE BOARD OF DIRECTORS

MURRAY FUND S.A.
société anonyme
Registered Office:
LUXEMBOURG, 14, rue Aldringen
Registre de Commerce:
Section B No. B.335

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

The Annual General Meeting of Shareholders of MURRAY FUND S.A. will be held at its registered office at LUXEMBOURG, 14, rue Aldringen on July 16th, 1982, at 15.00 hours for the purpose of considering and voting upon the following matters:

1. To hear and accept the reports of:
   a. the directors
   b. the statutory auditor.
2. To approve the balance sheet and the profit and loss account for the year ended March 31st, 1982 and to consider declaration of dividend.
3. To discharge the directors and the auditor with respect to their performance of duties during the year ended March 31st, 1982.
4. To elect the directors to serve until the next annual general meeting of shareholders.
5. To elect the auditor to serve until the next annual general meeting of shareholders.
6. Any other business.

The shareholders are advised that no quorum for the statutory meeting is required and that all decisions will be taken at the majority of the shares present or represented at the meeting with the restriction that no shareholder neither by himself nor by proxy can vote for a number of shares in excess of one-fifth of the shares issued or two-fifths of the shares present or represented at the meeting.

In order to take part at the statutory meeting of July 16th 1982 the owners of bearer shares will have to deposit their shares five business days before the meeting at the registered office of the Fund, 14, rue Aldringen, Luxembourg, or with one of the following banks:

—Banque Générale du Luxembourg, S.A., LUXEMBOURG.
—Clydesdale Bank Limited, 30 Lombard Street, LONDON, E.C.2.

THE BOARD OF DIRECTORS

HOPE STREET FUND S.A.
société anonyme
Registered Office:
LUXEMBOURG, 14, rue Aldringen
Commercial Register:
Section B No. 8.821

NOTICE OF EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

An Extraordinary General Meeting of Shareholders of HOPE STREET FUND S.A. will be held at its registered office at Luxembourg, 14, rue Aldringen, on July 16th, 1982 at 15.45 hours for the purpose mentioned and voting upon the following matters:

1. To amend the date of the ordinary general meeting of shareholders which will be held in future on the second Friday of the month of August and for the first time on that date in the year 1983.
2. To renew the authorisation to the Board of Directors to issue additional shares within the authorised capital for a further five year period.

Shareholders are advised that the quorum required at the meeting is the holders present in person or by proxy of at least 50 per cent of the shares of the company in issue. In the event that a quorum is not present a second Meeting, at which there will be no quorum requirement, may be convened by further notice.

In accordance with Luxembourg Law, the Resolutions to be proposed on the above Agenda and at any second Meeting, will require the concurrence of two-thirds of the total number of shares represented at the Meeting.

In order to take part at the statutory general meeting of July 16th, 1982 the owners of bearer shares will have to deposit their shares five clear days before the meeting at the registered office of the Fund, 14, rue Aldringen, Luxembourg, or with the following banks:

—Banque Générale du Luxembourg, S.A., 14, rue Aldringen, LUXEMBOURG.
—Clydesdale Bank Limited, 30 Lombard Street, LONDON, E.C.2.

THE BOARD OF DIRECTORS

MURATA MANUFACTURING CO., LTD.
(CDRs)

The Board of Directors of Murata Manufacturing Co., Ltd. has announced that shareholders, who will be registered in the books of the Company on July 20th, 1982 (Tokyo time) will be entitled to receive a 10% gratis distribution of new shares.

Consequently the undersigned designated div. cp. no. 13 of the CDRs for this purpose.

In Japan the shares are traded ex-bonus as from 16th July, 1982.

AMSTERDAM DEPOSITARY COMPANY N.V.
Amsterdam,
June 30th, 1982.

AZIENDA AUTONOMA DELLE FERROVIE DELLO STATO
US$225,000,000
Floating Rate Notes 1988
and US$250,000,000
Floating Rate Notes 1988

NOTICE IS HEREBY GIVEN that as from 2nd August, 1982 the address of the New York Paying Agent will be as follows:—

The Industrial Bank of Japan Trust Company,
245 Park Avenue,
New York,
New York 10167.

S. G. WARBURG & CO. LTD., as Principal Paying Agent
8th July, 1982

ART GALLERIES

ARTEMIS FINE ARTS (UK) LIMITED, 15, Duke Street, St. James's W1. Exhibition of MASTER PRINTS AND DRAWINGS. Mon.-Fri. 10-5 until 23rd July. Also WHISTLE ETCHINGS at 5a, Mason's Yard.

COLNAGHI, 14, Old Bond Street, W1. 01-491 7408. DISCOVERIES FROM THE CINQUECENTO until 7 August; and ITALIAN OLD MASTER DRAWINGS until 10 July. Mon.-Fri. 10-6, Sat. 10-1.

CRANE KALMAN GALLERY, 178, Brompton Rd., SW3. 01-584 7566. Works by Nicholson, Sutherland, Lowry, Spear Piper, Moore, Colquhoun, Kit Wood. Daily 10-6. Sats. 10-4.

CRANE GALLERY, 171a (First Floor), Sloane St., SW1. 01-235 2464. (In association with Crane Kalman Gallery) In unusual and beautiful surroundings. ENGLISH COUNTRY ART and 'AMERICANA' — Paintings, Furniture, Quilts, Decoys, etc. Daily 10-6. Sats. 10-4.

LEFEVRE GALLERY, 30, Bruton St., W1. 01-493 1572/3. AN EXHIBITION OF IMPORTANT XIX AND XX CENTURY WORKS OF ART. Mon.-Fri. 10-5. Sats. 10-1.

RICHARD GREEN GALLERY, 4 New Bond St., W1. 01-499 5487. EXHIBITION OF EIGHTEENTH AND NINETEENTH CENTURY PRINTS OF FLOWERS AND THE LANDSCAPE GARDEN. Until 7th August.

WILLIAM DRUMMOND, Covent Garden Gallery, 18 & 19C ITALIAN WATERCOLOURS. C. LABRUZZI & others. Daily 10-5.30. Thurs. 7. Sats. 12.30. 20, Russell St., WC2. 01-836 1139.

WORLD STOCK MARKETS

Bank stocks fall on Wall St

MARKETS DRIFTED on Wall Street yesterday, although Bank stocks declined in the wake of Penn Square Bank of Oklahoma's failure.

By 1 pm the Dow Jones Industrial Average was off 0.76 to 798.14 and the NYSE All Common Index shed 12 cents to $61.66, while declines led advances by a shrinking six-to-five margin. Trading volume increased 4.62m shares to 32.82m compared with 1 pm Tuesday.

Analysts said there has been nothing in the news to move the market higher, and investors remain hampered by high interest rates.

Banks were the hardest hit, in the aftermath of the failure of Penn Square Bank. Among Banks reporting problem loans connected with Penn Square, Continental Illinois lost $1½ to $19, Chase Manhattan $1½ to $37½ and *Seafirst* $1⅞ to $16⅝.

In other Banks, Southwest Bancshares of Houston slipped $1⅝ to $22¼, Texas Commerce of Houston $1½ to $27, Interfirst of Dallas $1⅜ to $20⅜, actively traded Citicorp $1 to $23¼ and NBD Bancorp $½ to $20.

Northwest Industries gave up $1⅜ to $48⅝, while Plessey rose $1⅞ to $82¾ and Northrop $1⅜ to $48⅜.

On Nasdaq, Sigmor held unchanged at $15⅞ bid, while Diamond Shamrock trading remained delayed on the NYSE, where Diamond last traded at $20—Diamond Shamrock said it plans to acquire Sigmor for Convertible Preferred stock.

ON THE AMERICAN SE, prices were lower in slow trading.

The Amex Index was off 0.60 to 245.82 and declines led advances 185 to 162. Volume was up 175,000 shares to 2.30m shares.

Canada

Further small losses prevailed around noon yesterday, with the Toronto Composite Index off another 4.0 at 1,350.4.

Eight of the 14 indices were lower, with Oil and Gas dropping 17.0 to 2,352.8 and Golds 14.0 to 1,464.2, but Real Estate moved up 60.5 to 2,838.2.

Dome Canada, unchanged in active trading at $3.60, said it has retired its recently arranged $100m bridge financing after receiving a petroleum incentive payment of $110m from the Federal Government.

Tokyo

Share prices rose slightly on limited bargain hunting after Tuesday's sharp fall but trading remained thin — 220m (270m) shares—with sentiment unsettled by the further yen decline.

The Market Average rallied 15.55 to 7,035.11, after its 81.54 decline Tuesday.

Hitachi recovered Y4 to Y554, encouraging other Blue Chips.

Non-Ferrous Metals firmed, reflecting the tension in Lebanon. But Oils fell, due to the yen weakness.

Other Computer makers, Motors and Precisions rose on light bargain hunting, but Steels and Drugs eased, while Light Electricals and Shipbuilders were mixed.

Constructions were preferred in anticipation of additional Government measures to stimulate the domestic economy.

Green Cross stood out again, dropping a further Y80 to 1,800. One trader said the death of Green Cross chairman Ryoichi Naito, early Wednesday morning, was more important in the stock's continued slide than rumours that the company may be under investigation by the FBI for industrial spying.

Germany

Generally lower, influenced by a softer Deutsche Mark, slipping Bond prices and a rumour about a bank with liquidity problems.

Brokers said all the bad omens made investors cautious, uncertain and reluctant to consider anything but the few issues that were about to pay dividends.

Also, uncertainty about the future of AEG, off DM 0.6 at 29.4, whose problems were due to be discussed at yesterday's Cabinet 262.20 and Dresdner DM 1.80 to 133.

In Motors, Daimler, though expecting satisfactory results for the year, fell DM 4.50 to 299.50 and VW, who might open talks with Unions on short-time working at some German plants if industry difficulties continue, lost DM 0.50 to 139.

Veba held unchanged at DM 126 after reporting mixed first half year results.

In Steels, Kloeckner finished DM 0.8 up at 56.8, despite expecting weaker second-half turnover.

Preussag eased DM 0.4 to 188.9 following lower but satisfactory earnings in the first five months.

Paris

Mixed in active trading, with sentiment supported by some reinvestment of dividends. Activity was boosted as a result of the interruption to trading Tuesday by a demonstration of the Association of Small and Medium-Sized Industries.

Sentiment was not affected by the cut in the French Call Money Rate to 15⅛ per cent from 15¼ per cent.

Banks, Electricals and Stores were mixed, while Rubbers, Metals and Oils fell. Most other sectors rose.

In Foreigns, Gold Mines and Germans fell, while Americans, Japanese and Dutch were steady. Coppers were mixed.

Switzerland

Slightly lower in featureless trading, with no new factors affecting markets. There was a general lack of follow-through demand, particularly from abroad.

Most Financials retreated and Insurances were also weaker.

Swiss Bonds closed irregular meeting in Bonn, continued to dampen sentiment.

Banks fell in sympathy. Deutsche Bank shed DM 2.90 to to easier, with Domestic Issues affected by Tuesday's rise in Consumer prices.

In the Foreign sector, Dollar stocks traded mixed around overnight New York levels, Dutch Internationals were barely changed, and Germans continued irregularly lower.

Johannesburg

Gold shares continued quietly easier, reflecting the lower bullion price. Also the continued unrest among Black miners and the production cost consequences of the 12 per cent wage increase for White miners, added a depressant.

"Heavyweight" Producers shed up to 100 cents, as in Kloof at 2,300 cents, but "Lightweights" showed the largest percentage losses with declines of up to 40 cents, as in Welkom at 600 cents.

Platinums and Mining Financials also tended easier, while Industrials closed mixed.

Australia

Prices tumbled as a heavy sell-off pushed markets sharply lower and the All Ordinaries Index closed down 9.1 at 448.7, its lowest level since November 1979.

Chartists triggered the big sell when the All Ordinaries Index breached the 450 barrier, a major support level. Local Institutions joined "smaller" traders in dumping stock into already depressed markets.

No sector escaped the slump but Mines bore the brunt of the fall.

BHP and CSR each struck their worst level for more than three years. BHP traded at A$6.60 before closing 20 cents down at A$6.66, and CSR finished 14 cents lower at A$2.43.

TNT fell 15 cents to A$1.60, a two year low.

Closing prices for North America were not available for this edition.

NEW YORK

Indices

CANADA

BELGIUM (continued)

July 7	Price Frs.	+ or —
Petrofina	4,480	
Royale Belge	5,060	—15
Soc. Gen. Banq.	2,540	+35
Soc Gen Belge	1,150	—6
Sofina	3,685	+16
Solvay	1,900	

HOLLAND

July 7	Price Fls.	+ or —
ACF Holding	75	
Ahold	81.2	+1.1
AKZO	23.7	+5.2
ABN	277.5	+1.5
AMEV	86	+1.5
AMRO	46.8	+5.8

AUSTRALIA

July 7	Price Aust. $	+ or —
ANZ Group	3.60	—0.18
Acrow Aust	1.36	
Ampol Pet	1.15	—0.05
Assoc. Pulp Pap	1.55	
Audimco	0.15	
Aust. Cons. Ind.	1.38	—6.51
Aust. Guarant.	2.20	+5.21

JAPAN (continued)

July 7	Price Yen	+ or —
Kubota	331	
Kumagai	385	
Kyoto Ceramic	5,530	—15
Lion	360	+2
Maeda Cons	687	+19
Makita	766	+1

DENMARK

FRANCE

ITALY

NORWAY

HONG KONG

SWEDEN

GERMANY

AUSTRIA

SWITZERLAND

BELGIUM/LUXEMBOURG

SINGAPORE

SOUTH AFRICA

JAPAN

BRAZIL

Lojas Amer	5.80	+5.86
Mannesmann OP	2.55	—0.15
Petrobras PP	12.0	—0.20
Souza Cruz	15.60	—0.05
Unipar PB	8.20	
Vale Rio Doce	15.10	—0.40

Turnover: Cr 1598.8m.
Volume: 174.4m.
Source: Rio de Janeiro SE.

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights.

LONDON STOCK EXCHANGE

Outlook for interest rates again dominates markets
Equities rise late but demand for Gilts peters out

Account Dealing Dates

Option *First Declara- Dealings	tions	Last Dealings	Account Day
June 21	July 1	July 2	July 12
July 5	July 15	July 16	July 26
July 19	July 29	July 30	Aug 9

* "New-time" dealings may take place from 9.30 am two business days earlier.

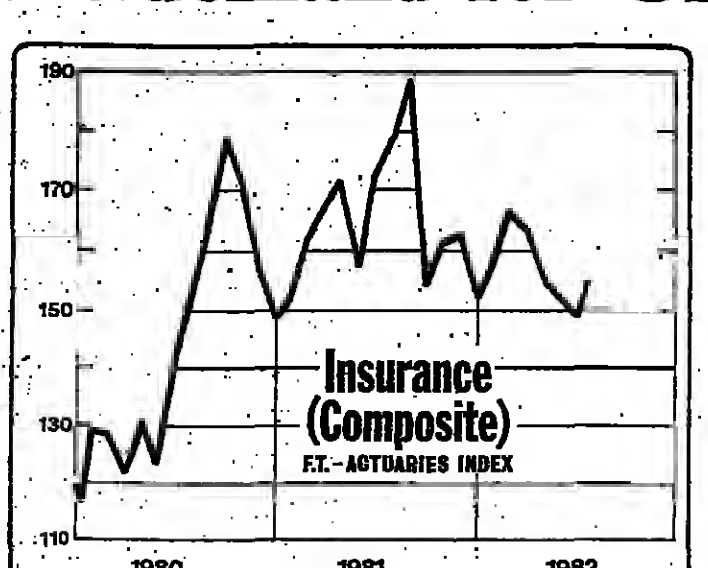
The outlook for interest rates continued to dominate London stock markets. Sterling's early fall to a five-year low against the dollar initially tempered recent optimism over the prospects for a further reduction in clearing bank base rates. The two main investment sectors thus turned uncertain and trended easier before the Bank of England's lunchtime operations in UK money markets.

The authorities' move of clipping its intervention rates for the third successive day restored some confidence to markets. Business subsequently quickened for a while and dealers began to look for a resumption of the previous two-day advance. But interest tailed off again and values struggled to hold their levels during a particularly quiet afternoon trading session.

The lack of business was especially noticeable in Gilt-edged following two days of increased investment demand during which the Government broker was able to sell more of the short tap. Short-dated stocks yesterday moved irregularly prior to an unchanged close with the exception of the tap, £30-paid Treasury Convertible 12½ per cent 1986, which lost ⅛ to 30½. The longs found it difficult to maintain overnight levels and eventually settled around ⅛ lower.

Equity markets showed a little more willingness to resist the trend. Despite the low volumes of trade, leading shares overall spent the afternoon gradually regaining early losses and turned decidedly better after the official, 3.30 pm, close. The result was that the FT Industrial Ordinary share index claimed back a noon fall of nearly three points and closed 1.2 up on the day at 555.2.

Of the sectors, Electricals stood out with marked weakness in Thorn EMI on rights issue rumours, denied by the group, and strength in Ferranti amid renewed bid speculation. Plessey and GEC also made further progress. Takeover hopes also flared in Insurances taking both Minet and Eagle Star higher.



Eagle Star & Minet up

Speculative interest in the Insurance sector revived yesterday with Minet and Eagle Star attracting attention; the former rose 8 more to 151p on U.S. bid hopes, while the latter advanced 6 to 362p awaiting official EEC Commission approval of Allianz's acquisition of a major stake and a probable full-scale bid. Sun Alliance moved up 12 to 366p, while improvements of around 8 were seen in Pearl, 370p, and Hambro Life, 285p. Britannic put on 8 to 288p as did Equity and Law, to 406p.

The major clearing banks closed with gains ranging to 4 after a thin trade. NatWest improved that much to 432p and Barclays firmed a few pence to 388p. Elsewhere, Guinness Peat picked up a penny more to 48p, but Hambros were friendless at 110p, down 5.

Among recently-issued equities, McCarthy and Stone put on 10 to a peak of 195p compared with the placing price of 137p.

Interest in the drinks sector again centred on cider manufacturers. H. P. Bulmer ahead of the preliminary figures next Wednesday, firmed 9 more to an all-time peak of 434p, while Merrydown Wine also made further progress in closing 3 dearer at 108p.

After edging a little higher initially, leading Buildings drifted off in lack of follow-through support to close with small losses. Among isolated movements in secondary issues, International Timber put on 2 to 87p and Montague L. Meyer a penny to 63p following publication of the merger document. HAT Group edged up a fraction to 84p; the preliminary results are due next Tuesday. Interest was shown in A. Monk, which added 3 to 64p, but Sheffield Brick, a dull market recently on scrappy selling, shed a penny more to a 1982 low of 28p.

Interest in the Chemical majors was at a low ebb. ICI shaded to 304p, while Fisons eased 3 to 367p. The chairman's confident annual statement made no apparent impact on Coalite, which stayed at 117p.

Still excited by Heron Corporation's 51 per cent stake and the prospect of a full-scale bid, UDS remained to the fore among leading Stores and added 4 for a three-day gain of 10 to 69p. Elsewhere, the trend was to slightly lower levels and Marks and Spencer eased a few pence to 154p, while House of Fraser, 150p, and British Home, 152p, both shed 2. Secondary issues, on the other hand closed firmer, where altered. Hollas rose 3 to 39p, the company's confidence in the outlook eclipsing the sharp setback in annual earnings. Favourable Press comment lifted Heclamat 4 to 66p, while renewed speculative demand left Cornell Dresses 10 to the good at 170p and Polly Peck 4 up at 347p.

Thorn EMI sold

Fund-raising rumours continued to plague Thorn EMI and, despite a reported denial from the group, the shares still finished 10 down at 400p after touching 390p; the annual results are due next Thursday. Elsewhere among major Electricals, the picture was much brighter. Ferranti were a particularly strong feature, jumping 35 to a new peak of 805p in the wake of the annual report and on vague suggestions that either GEC or Racal had acquired a 5 per cent stake in the company. GEC improved ⅛ more to £10⅛ after £10¼, while Racal firmed 10 to 455p. Still reflecting the chairman's optimistic annual review Plessey advanced 13 for a two-day jump of 20 to 490p. Elsewhere, Cable and Wireless lost 8 to 290p ahead of next Tuesday's preliminary results, while Quest Automation fell 7 for a two-day slump of 17 to 33p. Following details of the proposed capitalisation plans, Audiotronic were marked down 2½ to 1¼p.

Little of interest took place in Engineerings, closing prices being narrowly mixed.

The Food sector commanded more attention than most and the overall tone was decidedly firm. Vague talk that the company might sell its 10.5 per cent stake in British Sugar prompted support for Ranks Hovis McDougall, which touched 84p before closing a net 2 up at 83p; British Sugar gave up 10 for a two-day fall of 15 to 465p in the absence of takeover developments with former bidders S. and W. Berisford easing 2 to 129p. Tate and Lyle, a dull market recently on the depressed sugar price, continued its rally and gained 4 to 170p, after 172p. Elsewhere, Avana attracted further support and also rose 4, to a 1982 peak of 312p.

Granada retreat

Granada A were a notable dull spot in miscellaneous industrials, falling 11 to 178p, after 176p, following comment on the interim statement. Still reflecting the factory closure and redundancies, Parker-Knoll A dipped 4 further to 126p, while Viners fell 1½ to ½p, reflecting fresh concern about the company's trading position. De La Rue, at 485p, gave back 20 of the previous day's rise of 30, while dull advices from the Sydney bourse left Broken Hill Proprietary 12 lower at 394p and TNT 7 off at 95p. Thermal Syndicate, on the other hand, rose 7½ to 80p after Press comment and Ashley Industrial Trust put on 3½ to 38½p, after 40p, in response to the results. Revived speculative support lifted Peter Black 9 to 335p and J. and J. Dyson A 4 to 82p. Lep put on 10 to 395p and J. Bibby 5 to 275p. The leaders plotted an irregular course in thin trading; Beecham continued to draw strength from the chairman's confident statement and rose 4 more to 270p, while Glaxo hardened 2 to 726p. On the other hand Unilever dipped 5 to 585p as did Pilkington, to 193p.

Bemrose advanced 5 to 140p following the forecast of substantially higher profits and dividends to fend off the bid from Bunzl. The latter jumped 10 to 178p following the latest rejection, while British Printing and Communication, which controls nearly 15 per cent of Bemrose, added 3½ to 34½p. Elsewhere in Paper/Packagings, John Waddington, a rising market of late, shed 6 to 96p following the further full-year deficit.

Business in Properties failed to expand and the leaders displayed an easy trend. Land Securities edged up a penny to 267p, but MEPC slipped to a 1982 low of 168p before settling a penny cheaper on balance at 169p. Dealings in Crest International were suspended at the start of trading at 10½p; discussions are taking place with Howard Tenens which may lead to a share exchange offer for Crest. Howard Tenens reacted to 50p before closing a net 3 down at 52p.

Oils subdued

Negative factors, including the petrol price war and the absence of production ceiling level changes at the latest OPEC meetings served to curtail interest in Oils. British Petroleum met scattered offerings and shed 4 to 286p, but Shell, 8 shade easier at one stage, picked up to close unaltered on balance at 386p. After the previous day's gain of 7 following the preliminary results, I C Gas softened 3 to 180p.

Further action trading in the Traded Options market and shortage of stock prompted renewed firmness in Lonrho, which added 3 for a three-day rise of 11 to 83p; the interim results are due at the end of the month with the market expecting pre-tax profits of around £44m. Elsewhere in Overseas Traders, fresh support was noted for Inchcape, 7 up at 272p, and for Harrisons and Crosfield, 13 better at 525p.

Australians weak

A general retreat by mining markets was highlighted by widespread and often substantial losses in Australians following heavy selling in overnight Sydney and Melbourne markets. At the opening in London, prices were marked down sharply and fell further on sizeable selling from local and Continental sources.

A minor rally in the early afternoon proved short-lived as further selling developed following the initial fall on Wall Street yesterday. Closing levels were the day's lowest.

The leading issues bore the brunt of the selling, with Western Mining notably weak and finally 15 down at a year's low of 152p and CRA gave up 8 to 154p. The more speculative issues were also hard-hit with numerous stocks falling to 1982 lows.

South African Golds encountered persistent small selling as the bullion price dipped $3.5 more to $307 an ounce.

The generally higher June quarter profits from the mines in the Gold Fields group were broadly in line with market expectations and had little effect on sentiment.

Registering its fifth consecutive decline, the Gold Mines index gave up 6.5 more to 188.7.

Losses in the heavyweights ranged to ½, as in President Brand, £11⅛, while medium and lower-priced stocks were featured by Durban Deep, 52 off at 541p, Doornfontein, 24 cheaper at a 1982 low of 326p and Grootvlei, 27 down at a low of 248p.

South African Financials were easier but losses were generally small.

Profit-taking lowered Gold Fields 9 to 348p, Charter 3 to 195p and RTZ 7 to 363p, while tin producer Geevor dipped 5 for a two-day decline of 10 to a 1982 low of 65p.

Activity in Traded Options remained at a relatively high level and 2,666 deals were taken out although the business was again largely confined to two stocks. Imperial Group, which announces first-half figures today, proved popular, August 90's and 100's attracting 198 and 140 deals respectively, while 100 calls were struck in the November 100's. Lonrho has attracted a considerable amount of call money in the past week awaiting interim results due later this month and yesterday 875 calls were taken out, 227 of which were done in the November 80's, and 194 in the August 90's. Puts dealt yesterday amounted to 475 with most of the attention directed towards the above stocks; Lonrho accounting for 173 deals and Imperial for 63.

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
July 12	July 23	Oct 14	Oct 25
June 21	July 1	July 2	July 12
July 26	Aug 6	Oct 28	Nov 8

For rate indications see end of Share Information Service

Call options were arranged in Lonrho, LASMO, Rugby Portland Cement, KCA International, Carlton Real Estate, TI, Raybeck, UDS and GEC. A put was done in Lonrho, while doubles were taken out in TI, Hawker Siddeley, Lonrho and Raybeck.

FINANCIAL TIMES STOCK INDICES

	July 7	July 6	July 5	July 2	July 1	June 30	A year ago
Government Secs.	69.85	69.95	69.86	69.58	69.48	69.44	63.81
Fixed Interest	70.48	70.43	70.30	69.99	69.85	69.75	66.76
Industrial Ord.	555.2	554.0	548.4	543.0	548.3	554.5	522.4
Gold Mines	188.7	195.2	195.2	197.2	197.7	203.7	293.2
Ord. Div. Yield	5.56	5.58	5.64	5.69	5.65	5.58	5.11
Earnings, Yld.% (full)	11.62	11.63	11.80	11.91	11.69	11.63	10.27
P/E Ratio (net) (*)	10.46	10.44	10.31	10.21	10.39	10.46	10.16
Total bargains	13,630	14,311	14,607	13,733	13,230	13,517	18,546
Equity turnover £m.	—	133.53	102.61	114.04	129.93	111.84	138.57
Equity bargains	—	10,993	10,306	11,394	10,560	9,870	15,023

10 am 552.9. 11 am 552.1. Noon 551.1. 1 pm 552.4. 2 pm 552.5. 3 pm 553.1.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

*Nil=5.72.

HIGHS AND LOWS

	1982 High	1982 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.40 (7/6)	61.89 (5/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	70.57 (14/6)	62.79 (4/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	594.0 (4/5)	518.1 (8/1)	597.6 (4/5/82)	49.4 (26/6/40)
Gold Mines	302.0 (5/1)	181.8 (22/6)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	July 6	July 5
—Daily Gilt Edged Bargains	191.9	172.8
Equities Bargains	71.2	66.8
Value	269.8	307.4
5-day Avrge. Gilt Edged Bargains	163.7	161.0
Equities Bargains	66.8	67.0
Value	258.5	233.8

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. Date	1982 High	1982 Low	Stock	Closing price p	+ or −	Div. p. or amount	Times Covered	Gross Yield	P.E. Ratio
¶¶	F.P.	—	82½	82½	Antofagasta Hldgs£1	82½	......	7.0	5.6	12.1	2.5
¶¶	—	30/7	14	11	Argyll Foods Warr'ts.	14	......	—	—	—	—
¶¶	F.P.	—	48	46	Argyle Trust	45	......	—	—	—	—
¶250	F.P.	25/6	280	260	Assoc. Heat Services	275	+3	b8.0	2.1	4.7	13.9
45	F.P.	30/7	56	50	Bairstow Eves 5p	54	+1	b1.61	2.6	4.3	13.2
§80	F.P.	25/6	101	92	✠Black (Michael) 20p	98	......	u3.0	2.4	4.7	12.7
15	F.P.	15/4	32	19	Cambrian & Gen. 7½p	30	......	—	—	—	—
§260	F.P.	4/6	436	293	✠Cont. Microwave	420	......	b3.25	3.9	1.8	15.6
16⅞	F.P.	30/7	59	52	✠Oanoora	58	......	—	—	—	—
§130	F.P.	28/5	168	140	✠Druck Hldgs.	157	......	b2.3	2.5	2.0	28.0
167½	F.P.	26/6	98	84	Electro-Prot. US$0.50	90	......	uQ1.5c	6.8	0.9	12.1
—	—	—	17	10	Group Inv Option	19	......	—	—	—	—
§60	F.P.	—	60	60	✠Knight Cmptr Int5p	60	......	bd1.6	2.0	3.6	19.1
§137	F.P.	30/7	195	160	✠McCarthy & Stone	103	+10	b5.76	6.7	4.3	11.4
§105	F.P.	8/7	121	110	✠Miles 33 10p	112	......	ud2.0	4.5	2.6	0.7
600	F.P.	2/7	630	595	Oriflame 2A. (US$1.50)	600	......	bQ50c	2.2	4.6	9.6
§160	F.P.	—	156	150	✠Oilfield Insp. Srvc	152	......	u2.1	3.7	2.0	17.4
77	F.P.	14/7	97	88	✠Radio City 'A' NV	88	......	b5.6	1.5	9.1	10.3
140	F.P.	29/6	186	160	✠Ruddle (G.) 10p	184	......	b3.3	2.6	2.6	21.7
¶¶	F.P.	—	44	38	Walker (Alfred) 10p	38	......	b0.75	5.3	8.8	7.1
¶¶	F.P.	—	90	40	Zambia Cons Cpr 10K	50	......	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1982 High	1982 Low	Stock	Closing price £	+ or −
¶¶	F.P.	—	80p	58p	Antofagasta 3.5% Pref.(£1)	58p	......
§100	Nil	9/7	7ppm	1ppm	Benlox 8% Conv. Cum. Rd. Pf.	1ppm	−1
¶100	£10	26/8	11¾	10½	Bournemouth Water 9% Red. Prf. 8789.	11¾	......
¶¶	F.P.	—	146½	150	First Nat. 12½pc Conv. Uns. Ln. 1987	133	......
101	F.P.	30/7	109	107	✠Lon&Cont11½%Conv.Sub Uns.Ln.'95-02	108	......
§100	F.P.	9/7	101	82½	Marlborough Props. 10% Cnv. Ln. '98-2002	95½	+1
98.55	£25	8/10	25	25¾	Midland Bk. 14% Sub. Uns. Ln. 2002-07.	25	−⅛
100	F.P.	—	100⅛	100⅛	Nationwide Bdg. Soc. 13⅜% (3/6/83)	100⅛	......
100	F.P.	—	99⅞	99⅞	Do. 14% (4/7/83)	100⅛	−⅛
89.545	£25	—	25½	24⅛	New Zealand 14¼% 1887	26½	−⅛
¶100	F.P.	—	47	38	RIT & Northern 4pc Net Cum. Prf. £1	41	......
¶100	F.P.	—	46	45	Do. 4.7pc Net Cum. Prf. £1	46	......
§100	Nil	—	7ppm	2ppm	Rotaprint 11½% Cum. Conv. Red. Pref	1ppm	......

"RIGHTS" OFFERS

Issue price p	Am'unt paid up	Latest Renunc. date ●	Latest Renunc. date ■	1982 High	1982 Low	Stock	Closing price p	+ or −
155	Nil	8/7	6/8	82pm	18pm	Applied Computer Tech	22pm	......
170	F.P.	13/5	24/6	190	180	Bank Leumi (UK) £1	188	......
135	F.P.	28/5	2/7	180	155	Carless Capel 10p	164	+4
174	F.P.	18/6	30/7	234	218	Grand Met 50p	234	......
25	Nil	—	—	2pm	2pm	Jenks & Cattell	9pm	......
50	F.P.	24/5	13/8	61	52	Press (Wm.) 10p	60	−1
325	F.P.	17/8	30/7	445	380	Saatchi & Saatchi 10p	410	+18
215	F.P.	3/7	15/8	958	245	Sketchley	258	+5
25	F.P.	10/5	10/6	35	24●	Young (H.)	25	......

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. d Dividend rate paid or payable on part of capital: cover based on dividend on full capital. g Assumed dividend and yield. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. ♦ Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." **Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✠ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Formerly dealt in under Rule 163(2)(e). ‡‡ Unit comprising five ordinary and three Cap. shares. △ Issued free as an entitlement to ordinary holders.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
British Sugar	465	−10	Minet	151	+8
CRA	154	−8	Plessey	490	+13
Ferranti	805	+35	RHM	53	+2
Grenada A	178	−11	Tate and Lyle	170	+4
Hambro Life	285	+9	Thorn EMI	400	−10
MIM	144	−5	Western Mining	152	−15

TUESDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Tuesday's closing price pence	Day's change	Stock	No. of price changes	Tuesday's closing price pence	Day's change
BICC	18	293	−12	Racal Elec	11	445	−2
GEC	17	£10⅛	+⅛	De Beers Dfd	10	188	−2
Imp Cont Gas	14	183	+7	De La Rue	10	485	+30
Glaxo	12	724	+13	British Aero	8	237	+2
RTZ	12	370	+5	BP	8	270	−2
BAT Inds	11	432	+9	Cable and Wire	8	298	—
Granada A	11	189	+3	Shell Trans	9	386	+4

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wed July 7 1982 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Tues July 6 Index No.	Mon July 5 Index No.	Fri July 2 Index No.	Thurs July 1 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (209)	[illegible]	+0.6	9.58	4.27	13.10	391.17	387.05	385.14	386.40	347.50
2	Building Materials (23)	[illegible]	−0.8	12.41	5.67	10.11	324.26	319.62	320.27	321.43	300.56
3	Contracting, Construction (28)	[illegible]	—	15.04	5.29	7.83	583.03	577.30	574.46	576.78	549.09
4	Electricals (31)	[illegible]	+1.5	6.83	2.10	18.58	1520.41	1506.19	1495.48	1494.25	1136.74
5	Engineering Contractors (11)	[illegible]	—	13.30	6.26	9.08	482.98	477.56	473.89	478.50	497.12
6	Mechanical Engineering (67)	[illegible]	−0.2	11.56	6.00	10.46	196.58	194.97	193.69	195.63	207.25
8	Metals and Metal Forming (11)	[illegible]	−0.8	12.45	8.20	9.95	149.28	147.57	146.00	147.91	145.90
9	Motors (20)	[illegible]	+0.1	2.70	8.11	—	86.12	85.52	84.88	85.65	99.54
10	Other Industrial Materials (18)	[illegible]	+0.4	10.40	6.03	11.79	352.59	346.97	347.81	348.93	376.35
21	CONSUMER GROUP (202)	304.01	—	13.03	5.75	9.30	304.15	300.83	299.06	300.56	273.76
22	Brewers and Distillers (22)	322.64	−0.1	14.38	6.35	8.49	323.03	318.81	316.56	317.83	300.75
25	Food Manufacturing (22)	262.56	+0.1	17.73	7.17	6.58	262.22	260.25	259.17	259.18	257.69
26	Food Retailing (14)	627.85	+0.9	9.47	3.56	12.79	622.01	614.38	606.33	611.33	523.48
27	Health and Household products (9)	470.34	+0.8	7.37	3.60	16.80	466.75	456.74	451.64	457.39	332.40
29	Leisure (23)	405.66	−1.3	10.75	5.75	11.75	410.98	407.05	411.01	413.80	414.59
32	Newspapers, Publishing (13)	509.51	+0.2	13.38	6.12	9.41	508.58	504.34	506.57	507.05	490.67
33	Packaging and Paper (14)	141.54	+0.3	17.82	7.83	6.85	141.06	137.78	136.83	138.81	142.59
34	Stores (45)	269.78	−0.7	10.74	5.15	12.34	271.64	270.26	268.75	269.23	251.28
35	Textiles (23)	162.09	−0.1	14.41	6.63	8.43	162.29	161.50	162.53	162.41	157.45
36	Tobaccos (3)	334.18	+0.3	21.84	8.23	5.16	333.20	329.71	325.44	328.59	256.28
39	Other Consumer (14)	263.43	—	6.27	6.14	31.25	263.41	261.36	261.97	263.41	298.32
41	OTHER GROUPS (76)	249.08	−0.4	13.98	6.75	8.65	250.17	248.71	247.69	249.38	222.76
42	Chemicals (15)	326.92	−0.7	14.50	7.31	8.26	329.18	328.67	326.64	330.56	270.67
44	Office Equipment (4)	99.98	—	16.27	8.73	7.55	99.99	99.18	100.44	103.00	116.65
45	Shipping and Transport (13)	546.99	+0.5	19.54	7.52	6.23	544.47	539.73	541.25	542.47	544.68
46	Miscellaneous (44)	327.51	−0.5	11.62	5.75	10.45	329.21	326.34	324.24	324.47	289.25
49	INDUSTRIAL GROUP (487)	326.60	+0.1	11.81	5.31	10.35	326.16	322.86	321.15	322.62	291.70
51	Oils (13)	656.97	−0.7	24.09	8.87	4.70	661.45	659.16	660.41	675.85	659.05
59	500 SHARE INDEX	353.65	—	13.62	5.83	8.79	353.60	350.37	348.89	351.47	321.55
61	FINANCIAL GROUP (117)	242.55	+0.7	—	6.99	—	240.98	240.31	239.02	239.01	261.89
62	Banks (6)	267.06	+0.7	38.97	8.52	2.81	265.24	262.96	260.00	261.62	270.49
63	Discount Houses (9)	230.39	+0.5	—	9.90	—	229.35	227.79	227.73	222.54	274.04
65	Insurance (Life) (9)	266.23	+1.8	—	6.87	—	261.51	260.34	259.88	259.25	265.49
66	Insurance (Composite) (10)	154.75	+1.3	—	9.15	—	152.80	152.00	150.33	148.95	172.75
67	Insurance Brokers (7)	515.71	+0.9	10.92	5.03	12.59	511.23	509.64	500.30	498.46	391.26
68	Merchant Banks (12)	131.27	—	—	6.76	—	131.29	128.79	132.98	134.67	171.71
69	Property (49)	394.45	—	5.80	4.08	23.27	394.68	398.20	397.19	397.58	471.43
70	Other Financial (15)	163.88	−0.2	18.69	6.99	6.19	164.15	164.61	164.61	165.21	175.86
71	Investment Trusts (111)	286.28	+0.1	—	5.72	—	285.89	284.40	284.77	286.05	309.30
81	Mining Finance (4)	182.30	−2.1	17.38	7.79	7.21	186.14	181.34	178.80	179.69	259.69
91	Overseas Traders (18)	351.94	+1.5	14.55	9.10	8.45	346.81	342.76	336.40	337.72	433.48
99	ALL-SHARE INDEX (750)	323.36	+0.1	—	6.10	—	323.01	320.37	318.92	320.81	310.20

FIXED INTEREST

	PRICE INDICES	Wed July 7	Day's change %	Tues July 6	xd adj. today	xd adj. 1982 to date
	British Government					
1	5 years	113.32	+0.04	113.28	—	5.90
2	5-15 years	112.64	−0.25	112.92	—	6.91
3	Over 15 years	115.84	−0.27	116.16	—	7.64
4	Irredeemables	119.34	—	119.34	—	7.27
5	All Stocks	113.58	−0.16	113.76	—	6.80
6	Debentures & Loans	89.21	+0.10	89.12	—	5.85
7	Preference	66.86	—	66.86	—	3.58

	AVERAGE GROSS REDEMPTION YIELDS		Wed July 7	Tues July 6	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	10.77	10.76	12.76
2		15 years	12.49	12.47	13.38
3		25 years	12.80	12.77	13.60
4	Medium Coupons	5 years	13.54	13.50	14.86
5		15 years	13.63	13.56	15.39
6		25 years	13.04	13.00	14.96
7	High Coupons	5 years	13.55	13.53	14.97
8		15 years	13.77	13.72	15.55
9		25 years	13.15	13.11	15.12
10	Irredeemables	†	12.37	12.37	12.84
11	Debs & Loans	5 years	14.58	14.61	15.55
12		15 years	14.52	14.54	15.62
13		25 years	14.49	14.50	15.69
14	Preference	†	15.03	15.03	15.72

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

NEW HIGHS AND LOWS FOR 1982

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1982.

NEW HIGHS (27)

BRITISH FUNDS (1)
Exch. 9½pc 1982
CORPORATION LOANS (1)
Sunderland 12¼pc 1984
LOANS (1)
FFI 7¼pcADeb
BEERS (4)
Greene King — Young Brew. A
Marston Thompson — Do. Non-Vtg.
ELECTRICALS (5)
Cambridge Elect. — Plessey
Ferranti — Racal Elect.
GEC
FOODS (4)
Avana — Hazlewood
Belam — Safeways
INDUSTRIALS (5)
Black (P.) — Lon. Priv. Health
Eleco — Western Board Mills
Lep Group
INSURANCE (3)
Phoenix — Sun Life
Heath (C. E.)
MOTORS (1)
Lex Service
PAPER (1)
Bemrose
OIL AND GAS (1)
ORE

NEW LOWS (68)

CANADIANS (1)
Hudson's Bay
BANKS (1)
Jessel Toynbee
BUILDINGS (1)
Sheffield Brick
STORES (3)
Casket (S.) — Time Products
Currys
ELECTRICALS (3)
Audiotronic — Quest Auto.
Thorn EMI
ENGINEERING (3)
Brown (John) — Moss Eng.
Nall Eng.
INDUSTRIALS (11)
E. H. Prop. — London & Midland
Cowan de Groot — Rowan & Boden
Eastern Produce — Scotcros
Fogarty (E.) — TNT
Do. Dfd. — Viners
Granada A
LEISURE (1)
Magmt. Agency & Music
MOTORS (2)
Kwik-Fit — Lucas Inds.
PROPERTY (8)
Cardiff Prop. — Ldn. & Prov. Shop
Centrovincial — MEPC
Land Inv. — Pennine Com.
Lend Lease — Stock Conversion
SHIPPING (1)
Common Bros.
TRUSTS (5)
Crescent Japan — Gresham House
Eng. & Intl. — Westpool Inv.
G. T. Global
OIL AND GAS (9)
Am. Oil Fields — Moray Firth
BP — Sun (UK) Royalty
Cie. Fr. Petroles — Warrior Res.
Claremont Pet. — Woodside
Collins (P.) Pet.
OVERSEAS TRADERS (2)
Mitchell Cotts — Nesco Inv.
RUBBERS (2)
Highlands — Malay Plants.
MINES (15)
Graootvlei — Olimin
Doornfontein — Peko-Wallsend
St. Helena — Western Mining
Middle Wit. — Wham Creek
Sand Con. — Geevor
Metramar — Gopeng Cons.
M.I.M. — Tongkah Harbour
North B. Hill

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	1	46	44
Corpns. Dom. and Foreign Bonds	14	5	68
Industrials	221	180	936
Fin. and Props.	91	54	367
Oils	15	32	60
Plantations	1	4	18
Mines	7	86	64
Others	67	25	80
Totals	417	432	1,607

APPOINTMENTS

New chairman at Gold Fields

Lord Erroll will retire as chairman of CONSOLIDATED GOLD FIELDS on December 31 and be succeeded by deputy chairman and group chief executive Mr Rudolph Agnew on January 1.

Mr Rudolph Agnew

Mr Agnew will continue as group chief executive whilst chairman and Lord Erroll will become president on January 1.

Mr Paul Rylatt has become managing director of TOWRY LAW (PENSION SERVICES) and TOWRY LAW (PENSION CONSULTANTS).

Mr John Ferguson and Mr William Harkness have been appointed to the board of the WEIR GROUP.

GSF, a van Ommeren Group member, has appointed Mr David H. Cunningham as air marketing and development manager.

Sir Isaiah Berlin has been re-appointed as a trustee of the NATIONAL GALLERY on the expiry of his term of office. Mr Michael Sacher has been appointed a trustee in succession to Mrs Heather Brigstocke who has retired.

GESTETNER HOLDINGS is making a realignment of responsibility between its joint chairmen. Day-to-day operations will be the responsibility of Mr David Gestetner and longer range planning that of Mr Jonathan Gestetner. Each continues as joint chairmen of the group with executive responsibilities. Mr Jonathan Gestetner will chair all meetings of the Holdings board and Mr David Gestetner has been appointed group managing director.

★

COMMONWEALTH DEVELOPMENT FINANCE COMPANY has appointed Mr R. A. Arthur head of operations. Mr Arthur was formerly chief executive of the Australian subsidiary CDFC Australia, where he has been succeeded by Mr D. W. P. Hallahane from London.

★

BELLWAY has made the following appointments within its subsidiaries: Mr Antony G. Waugh has been appointed to the board of Bellway's transport and plant subsidiary George Blackett. Mr Jim Falkin has been appointed general manager of Nixons Kitchens.

★

At DUTTON - FORSHAW MOTOR GROUP Mr John Wyatt has become director of fleet sales. He was UK sales manager for Galco International.

★

Mr A. H. (Tony) Willoughby, THORN EMI'S LIGHTING'S director of research and engineering intends to retire on July 31, but will remain a consultant. Mr Ken Scott, previously head of the laboratories at Leicester, will succeed him as director of research and engineering and will join the main board of Thorn EMI Lighting.

★

BRITISH AEROSPACE has appointed Mr Richard Smith Wright, financial director of the Weybridge-Bristol division, aircraft group. He succeeds Mr Douglas Wynne, who will undertake special assignments as well as retaining his responsibilities as divisional resources director. Succeeding Mr Smith Wright as financial controller will be Mr David Essex, chief internal auditor. Mr John Adams, assistant treasurer, will become chief internal auditor.

★

Mr Ranald James Paterson has been appointed to the board of BRITISH VENDING INDUSTRIES.

★

NEALE HOUSE INVESTMENTS has appointed Mr David D. Bailey, formerly the joint managing director of Berkeley Hambro Property to its board as deputy chief executive.

★

Mr Kenneth Lott has joined the board of A. H. PHILPOT AND SONS (MILK POWDERS). Mr Lott recently changed his responsibilities from export manager to marketing director.

★

EMI MUSIC is making the following appointments on August 1. Mr Peter Mampell, managing director of EMI Austria has been appointed managing director EMI Records (Switzerland) AG in succession to Mr Guy Deluz who moves to a new position within EMI Music. Following Mr Mampell's appointment, Mr Kick Klimbie, director international operations, Europe, for Capitol Records, becomes managing director Columbia-EMI Austria GmbH.

★

Mr E. R. Jeynes, formerly senior partner of the Birmingham and Midlands practices of Price Waterhouse and Co., has been appointed a non-executive director on the Birmingham local board of BARCLAYS MERCHANT BANK.

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$300	5	81	—	—	—	—	$307
GOLD C	$325	7	5	10	80	—	—	"
GOLD C	$350	2	2.20	4	12	158	89	"
GOLD C	$375	118	2	—	—	—	—	"
GOLD P	$300	—	—	5	14.60	—	—	"
GOLD P	$325	5	81	10	99	—	—	"
GOLD P	$350	—	—	9	44	—	—	"
12¾ NL 81 87-81								
C	F.112.50	25	0.30	—	—	—	—	F.110.80
P	F.110	10	0.80	—	—	—	—	"
P	F.113	—	—	2	6	—	—	"
11¼ NL 82 88-82								
C	F.102.50	100	0.50	—	—	—	—	F.102
10 NL 82 98-88								
C	F.102.50	20	0.10	—	—	—	—	F.97.30
P	F.98	—	—	100	0.60	—	—	"
		July		Oct.		Jan.		
ABN C	F.280	—	—	4	7.50	—	—	F.277.50
ABN C	F.300	—	—	2	1.50	—	—	"
ABN P	F.280	5	2.50	—	—	—	—	"
AKZO C	F.25	—	—	5	1	3	1.60	F.23.70
AKZO P	F.22.50	—	—	3	0.80	—	—	"
AKZO P	F.27.50	3	3.80	—	—	—	—	"
AMRO C	F.45	—	—	20	3.20 B	1	4.50	F.46.80
AMRO C	F.50	—	—	20	1.40	—	—	"
AMRO P	F.45	—	—	—	—	7	2.40	"
HEIN C	F.55	3	2.60	—	—	—	—	F.57.20
HEIN C	F.60	—	—	1	1.30	—	—	"
HEIN P	F.60	80	3.10	—	—	—	—	"
HOOG C	F.15	—	—	35	1.40	—	—	F.15.20
HOOG C	F.17.50	—	—	70	0.70	10	1	"
IBM C	$65	—	—	—	—	1	2½	$60⅞
KLM C	F.80	5	9	10	11.50	—	—	F.86
KLM C	F.90	95	1.90	2	5.50	—	—	"
KLM C	F.110	10	0.20	21	3.50	50	6	"
KLM P	F.90	19	2.70	10	6.60	—	—	"
KLM P	F.100	3	11.70	10	12.50	—	—	"
NEDL C	F.110	—	—	14	6.70	—	—	F.111.60
NEDL C	F.120	—	—	20	3	—	—	"
NEDL P	F.110	—	—	2	3.20	3	4.50 B	"
NATN C	F.110	2	6	—	—	—	—	F.116.50
NATN C	F.115	26	1.50	2	3	6	4	"
NATN P	F.110	—	—	1	1.50	—	—	"
PHIL C	F.20	5	2.70	—	—	—	—	F.22.80
PHIL C	F22.50	10	0.50	38	1.60	61	2.20	"
PHIL C	F.26	—	—	25	0.50	4	0.90	"
PHIL P	F.22.50	—	—	51	0.90	—	—	"
PHIL P	F.25	—	—	1	9.40	—	—	"
RD C	F.80	10	5.80	80	8	—	—	F.85.60
RD C	F.90	—	—	577	2.20	371	3.40	"
RD P	F.80	60	0.10	77	1.90	47	2.60	"
RD P	F.90	32	4.50	10	7.80	1	8.50	"
UNIL C	F.140	—	—	1	8 B	—	—	F.144.70
UNIL C	F.150	—	—	2	3.50	3	4.40	"
UNIL C	F.160	—	—	2	1.20	—	—	"
UNIL P	F.140	—	—	5	2.50	—	—	"
UNIL P	F.150	10	5	—	—	—	—	"
		Aug.		Nov.		Feb.		
VW C	DM.150	4	0.90	—	—	—	—	DM130

TOTAL VOLUME IN CONTRACTS 2468

A=Asked B=Bid C=Call P=Put

CURRENCIES and MONEY

Dollar at new peaks

The dollar touched record levels in currency markets yesterday, underpinned by rising U.S. interest rates and short covering ahead of expected distortions in U.S. money supply later this month. It reached record lovols against the French franc and Italian lira while the Japanese yen sank to its lowest level sinco September 1977. The D-mark was at a new 11-month low and tho Swiss franc at its worst level since September 1981.

Sterling fell to its lowest level since January 1977 against the dollar but showed a very firm trend elsewhere, rising to a three-month high against the D-mark and its best level against the French franc since October 1972.

DOLLAR — Trade weighted index (Bank of England) 122.7 against 121.6 on Tuesday and 107.6 six months ago. Three-month Treasury bills 12.64 per cent (11.66 per cent six months ago). Annual inflation 6.7 per cent (6.6 per cent previous month) — The dollar closed at DM 2.5135 against the D-mark compared with DM 2.4900 on Tuesday, having traded as high is DM 2.52. Against the Swiss franc it roso to SwFr 2.1490 from SwFr 2.1210 and Y259.25 from Y257.70. It closed at a record level against the French franc at FFr 6.9790 from FFr 6.9055.

STERLING — Trade weighted index 91.1 against 91.1 at noon and the opening and 91.2 on Tuesday (91.7 six months ago). Three-month interbank 12⅞ per cent (15¾ per cent six months ago). Annual inflation 9.5 per cent (9.4 per cent previous month)—Sterling traded between $1.7045 and $1.7130 before closing at $1.7080-1.7090, a fall of 1.4c. It rose to DM 4.2950 from DM 4.2575 against the D-mark and SwFr 3.6725 from SwFr 3.6550. It was also higher at FFr 11.9250 in terms of the French franc from FFr 11.8925 previously.

D-MARK — EMS member (weakest). Trade weighted index 124.1 against 124.5 on Tuesday and 122.4 six months ago. Three-month interbank 9.55 per cent (10.55 per cent six months ago). Annual inflation 5.8 per cent (5.3 per cent previous month)—The D-mark was weaker at yesterday's fixing in Frankfurt with attention focused on the sharp rise of the dollar. It was fixed at DM 2.5145 up from DM 2.4839 and its highest level since mid-August last year. Trading was generally thin and there was no intervention at the fixing by the Bundesbank. Fears of higher U.S. interest rates was seen as the main reason for the rise. The D-mark was weak elsewhere with the Dutch guilder rising to DM 90.63 per Fl 100 from DM 90.500. The Swiss franc was also higher at DM 1.1742 compared with DM 1.1729½, while sterling rose to DM 4.2960 from DM 4.2860.

BELGIAN FRANC — EMS member (third weakest). Trade weighted index 94.5 against 94.8 on Tuesday and 104.8 six months ago. Three-month Treasury bills 15¾ per cent (15 per cent six months ago). Annual inflation 9.8 per cent (9.5 per cent previous month)—There was no intervention by the Belgian central bank in the foreign exchange market last week according to figures released yesterday. This is the third week in succession where the euthorities heve not been obliged to support the Belgian franc within the European Monetary System and underlines the franc's steadier performance since the letest currency realignment within the EMS. At yesterday's fixing in Brussels the D-mark was higher at BFr 19.1225 from BFr 19.1110 and the French franc rose to BFr 6.8902½ from BFr 6.8820. The dollar was firmer at BFr 48.04 from BFr 47.46 and sterling improved to BFr 82.08 from BFr 81.8975. However, the Belgian franc did not appear to be under any immediate pressure.

THE POUND SPOT AND FORWARD

July 7	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.7045-1.7130	1.7080-1.7090	0.42-0.47c dis	−3.18	1.51-1.56dis	−3.59
Canada	2.2065-2.2185	2.2135-2.2155	0.82-0.92c dis	−4.71	2.74-2.84dis	−5.04
Nethlnd.	4.72½-4.76	4.73¾-4.74¾	1⅝-1⅜c pm	3.48	4¼-3⅞ pm	3.38
Belgium	81.75-82.25	82.14-82.24	13-23c dis	−2.63	57-67 dis	−3.02
Denmark	14.80-14.88	14.83-14.84	2⅛-3⅜ore dis	−2.12	10⅞-12⅞ dis	−3.13
Ireland	1.2465-1.2495	1.2481-1.2491	0.66-0.78p dis	−6.92	2.15-2.31dis	−7.14
W. Ger.	4.28½-4.32	4.29-4.30	1⅝-1⅛pf pm	3.84	4-3½ pm	3.49
Portugal	143.50-146.00	145.20-146.20	80-265c dis	14.21	220-775dis	−13.66
Spain	191.25-193.75	193.15-193.65	160-185c dis	−10.70	500-545dis	−10.81
Italy	2,402-2,414	2,408½-2,410½	14-17lire dis	−7.72	49-53 dis	−8.47
Norway	10.90½-10.96½	10.93½-10.94½	3⅛-4⅞ore dis	−4.18	10⅞-12 dis	−4.12
France	11.88½-11.94½	11.92-11.93	1½-2½c dis	−2.01	10-12 dis	−3.69
Sweden	10.55½-10.63	10.58-10.60	1⅛-2⅛ore dis	−1.98	5⅛-6⅞ dis	−2.17
Japan	440-446	442½-443½	2⅛-1⅞y pm	0.76	6⅛-5⅞ pm	5.30
Austria	30.05-30.30	30.17-30.22	12½-9¼gro pm	4.32	29¾-23¾ pm	3.51
Switz.	3.64-3.68½	3.66⅞-3.67⅞	2⅞-2⅞c pm	7.76	7⅞-6⅞ pm	7.49

Belgian rate is for convertible francs. Financial franc 89.20-89.30. Six-month forward dollar 3.09-3.14c dis. 12-month 6.20-5.35c dis.

THE DOLLAR SPOT AND FORWARD

July 7	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7045-1.7130	1.7080-1.7090	0.42-0.47c dis	−3.18	1.51-1.56dis	−3.59
Ireland†	1.3670-1.3716	1.3690-1.3710	0.50-0.40c pm	3.16	1.30-1.15 pm	2.87
Canada	1.2945-1.2965	1.2955-1.2965	0.18-0.21c dis	−1.90	0.48-0.52dis	−1.54
Nethlnd.	2.7680-2.7765	2.7680-2.7710	1.63-1.53c pm	0.83	4.83-4.73 pm	0.89
Belgium	47.99-48.11	48.09-48.11	5-2c pm	0.87	10-5c pm	0.62
Denmark	8.6800-8.7000	8.6825-8.6875	0.65-0.40ore pm	0.72	0.70-0.20 pm	0.21
W. Ger.	2.5090-2.5200	2.5130-2.5140	1.48-1.43pf pm	3.47	4.38-4.33 pm	8.93
Portugal	85.00-85.75	85.35-85.65	30-130c dis	−11.21	70-370 dis	−10.28
Spain	111.13-113.20	113.15-118.20	68-78c dis	−7.74	200-225 dis	−7.51
Italy	1,407½-1,410½	1,407½-1,409	5-6lire dis	−4.68	17-18 dis	−4.97
Norway	6.3940-6.4060	6.3975-6.3825	0.50-0.90ore dis	−1.31	1.50-1.90dis	−1.06
France	6.9700-6.9905	6.9765-6.9813	0.70-0.20c pm	0.87	0.35-pm-0.35dis	—
Sweden	6.1925-6.2070	6.1925-6.1975	0.60-0.40ore pm	0.97	1.75-1.55 pm	1.06
Japan	258.90-259.80	259.20-259.30	1.94-1.86y pm	0.79	3.82-5.72 pm	2.90
Austria	17.67½-17.70¾	17.67½-17.68	11½-10¼gro pm	7.38	34-31 pm	7.35
Switz.	2.1310-2.1580	2.1485-2.1495	2.10-2.02c pm	11.50	0.00-6.92 pm	11.09

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

July 7	Bank of England Index	Morgan Guaranty Changes%
Sterling	91.1	−32.2
U.S. dollar	162.7	+14.1
Canadian dollar	85.4	−81.7
Austrian schilling	115.4	+20.3
Belgian franc	94.5	−1.9
Danish kroner	81.8	−14.7
Deutsche mark	124.1	+49.1
Swiss franc	143.7	+64.5
Guilder	115.4	+23.1
French franc	73.8	−20.2
Lira	53.4	−58.6
Yen	131.0	+25.2

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

July 7	Bank rate %	Special Drawing Rights	European Currency Units
Sterling	—	0.632573	0.049801
U.S. $	12	1.08170	0.940160
Canadian $	16.58	N/A	1.21670
Austria Sch.	6¾	10.1558	10.0120
Belgian F.	14	51.9649	45.1982
Danish Kr.	11	N/A	8.17230
D mark	7½	2.71993	6.36450
Guilder	8	2.99255	2.60805
French Fr.	9½	7.53891	5.56044
Lira	19	1564.66	1025.10
Yen	5½	280.056	843.590
Norwgn. Kr.	9	6.92622	0.01691
Spanish Pts.	8	N/A	105.398
Swedish Kr.	10	0.70670	5.83454
Swiss Fr.	5½	2.31579	2.01382
Greek Dr'ch.	20½	N/A	N/A

*CS/SDR rate for July 5: N/A.

OTHER CURRENCIES

July 7	£	$		Note Rates
Argentine Peso	†31.160-31.200	†20.000	Austria	30.15-30.43
Australia Dollar	1.6845-1.6865	0.9872-0.9876	Belgium	88.80-80.80
Brazil Cruzeiro	894.75-285.75	178.33-170.12	Denmark	14.72-14.93
Finland Markka	8.1751-8.1874	4.7875-4.7895	France	11.88-11.98
Greek Drachma	110.13-119.35	09.00-09.50	Germany	4.28¼-4.38¼
Hong Kong Dollar	10.14½-10.15	5.9475-5.9525	Italy	2370-2410
Iran Rial	*146.30	*84.20	Japan	443-448
Kuwait Dinar (KD)	0.49218-0.49287	0.28825-0.28845	Netherlands	4.72¼-4.74¼
Luxembourg Fr.	82.14-82.24	48.09-48.11	Norway	10.90-11.00
Malaysia Dollar	⊕4.04-4.05	2.3690-2.3710	Portugal	140¾-156
New Zealand Dlr.	2.3185-2.3635	1.3587-1.3605	Spain	184-128¾
Saudi Arab. Riyal	5.8745-5.8815	3.4400-3.4480	Sweden	10.07-10.07
Singapore Dollar	3.68¼-3.69¼	2.1580-2.1605	Switzerland	3.64¾-3.68¾
Sth. African Rand	1.0784-1.9830	1.1077-1.1090	United States	1.70-1.72
U.A.E. Dirham	6.2680-6.2779	3.6720-3.6740	Yugoslavia	80¼-86

* Selling rate.

†Rate shown for Argentina is commercial. Financial rate: 45.823-45.863 against sterling: 26.800-26.850 against dollar. ⊕ Malaysian dollar (July 6) 4.0635-4.0735 against sterling.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU July 7	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9704	45.1982	+0.51	+0.27	±1.5501
Danish Krone	8.23400	8.17235	−0.75	−0.99	±1.6430
German D-Mark	2.33379	2.36450	+1.32	+1.08	±1.0888
French Franc	6.61387	6.56044	−0.81	−1.05	±1.3940
Dutch Guilder	2.57971	2.60895	+1.13	+0.89	±1.5004
Irish Punt	0.691011	0.685438	−0.65	−0.89	±1.6691
Italian Lira	1350.27	1325.16	−1.86	−1.86	±4.1369

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

July 7	Pound St'rling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1	1.709	4.680	443.0	11.83	3.073	4.738	6409.	2.216	82.19
U.S. Dollar	0.585	1.	2.514	259.3	6.980	8.150	2.773	1410.	1.386	48.11
Deutschemark	0.233	0.398	1.	103.1	2.776	0.855	1.103	560.8	0.518	19.14
Japanese Yen 1,000	2.257	3.857	9.596	1000.	26.92	8.290	10.69	5438.	4.992	185.6
French Franc 10	0.839	1.433	3.602	071.0	10.	3.080	3.973	2030.	1.857	68.98
Swiss Franc	0.272	0.455	1.170	120.6	3.247	1.	1.290	656.0	0.603	28.38
Dutch Guilder	0.211	0.361	0.907	93.51	8.517	0.776	1.	508.8	0.467	17.35
Italian Lira 1,000	0.415	0.709	1.783	183.9	4.950	1.624	1.966	1000.	0.812	34.11
Canadian Dollar	0.402	0.772	1.938	600.0	5.385	1.658	8.138	1088.	1.	57.11
Belgian Franc 100	1.217	2.078	6.225	039.0	14.51	4.458	3.764	2931.	8.694	100.

FT LONDON INTERBANK FIXING (11.00 a.m. JULY 7)

3 months U.S. dollars		6 months U.S. dollars	
bid 15 13/16	offer 15 15/16	bid 10 1/8	offer 18 1/4

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

July 7	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	12⅛-12⅜	14¾-15	17⅛-18	8-9⅛	[illegible]	8⅞-8⅞	14⅛-16	18-20	12⅛-14⅛	14⅛-15	6⅛-6⅞	10⅛-12
7 day's notice	12⅛-12⅜	14⅞-15⅛	17-18	8⅞-8⅞	[illegible]	8⅞-8⅞	14⅛-15	19⅛-19⅞	13⅛-14⅛	15-15⅛	6⅞-6⅞	12-14
Month	12⅜-12½	15⅛-15⅜	17-17⅛	8⅞-9	[illegible]	8⅞-9	14⅛-15	20-21	13⅛-14⅛	15⅛-15⅝	6⅞-7	13⅛-15⅛
Three months	12⅜-12½	15⅛-15⅜	17⅛-17⅜	8⅞-8⅞	[illegible]	8⅞-9	14⅛-16	20⅛-21	15⅛-16⅛	15⅝-16⅛	7-7⅛	15⅛-16⅛
Six months	12⅜-12½	10-10⅛	17⅛-17⅜	8⅞-8⅞	[illegible]	8⅞-9	17-17⅛	21⅛-22⅛	15⅞-16⅛	15⅞-16⅛	7⅛-7⅛	16-17
One Year	12⅜-12½	15⅛-15⅝	17⅛-17⅝	8⅞-9	[illegible]	9⅛-9⅜	17⅛-18⅛	21⅝-22⅛	15⅞-16⅛	15⅞-16⅛	7⅛-7⅛	17⅛-18⅛

SDR linked deposits: one month 12⅝-13⅛ per cent; three months 13-13⅜ per cent; six months 13⅝-13⅞ per cent; one year 13⅝-13⅞ per cent. ECU linked deposits: one month 12⅝-12⅞ per cent; three months 13⅛-13⅜ per cent; six months 13⅝-13⅞ per cent; one year 13⅝-13⅞ per cent. Asian $ (closing rates in Singapore): one month 15⅛-15⅜ per cent; three months 15⅝-15⅞ per cent; six months 16⅛-16⅜ per cent; one year 16⅛-16⅜ per cent. Long-term Eurodollar two years 15⅝-16⅛ per cent; three years 15⅝-16⅛ per cent; four years 15⅝-16⅛ per cent; five years 15⅝-16⅛ per cent; nominal closing rates. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice. The following rates were quoted for London dollar certificates of deposit: one month 15.10-15.20 per cent; three months 15.45-15.55 per cent; six months 15.70-15.80 per cent; one year 15.65-15.75 per cent.

MONEY MARKETS

Further cut in dealing rates

UK clearing bank base lending rate 12½ per cent (since June 8)

Interest rates maintained their recent downward trend in the London money market yesterday, with three-month interbank money falling to 12¼-12⅜ per cent from 12½-12⅝ per cent. Bank of England bill dealing rates were cut once again, and expectations of a reduction in clearing bank base rates were reinforced by the reluctance of the discount houses to part with their high yielding paper. This resulted in total assistance to the market of over £100m less than the official forecast, with most of the help provided by way of repurchase agreements. In the morning the Bank of England forecast a shortage of £450m, but this was revised to £550m at noon, and to £600m in the afternoon. Total assistance was £476m, with £350m given after lunch, mainly through purchases of £282m of bills for resale to the market on July 14, at 12½-12⅞ per cent.

Further outright purchases of £67m were by way of £5m Treasury bills in band 1 (up to 14 days maturity) at 12⅛ per cent; £5m bank bills in band 1 at 12⅛ per cent; £3m Treasury bills in band 2 (15-33 days) at 12⅛ per cent; £44m bank bills in band 2 at 12⅛ per cent; and £10m bank bills in band 3 (34-63 days) at 12⅛ per cent.

The downward trend in rates was encouraged earlier in the day as the authorities reduced bill dealing rates by ⅛ per cent when buying £31m bank bills in band 2 at 12⅛-12⅛ per cent, and £35m bank bills in band 3 at 12⅛ per cent.

Major factors influencing the market yesterday were: bills maturing in official hands and a net market take-up of Treasury bills—£370m, and a rise in the note circulation—£60m, partly offset by Exchequer transactions +£80m.

In Frankfurt the Bundesbank said that it will add liquidity to the domestic money market by way of a 28-day securities repurchase agreement at a fixed rate of 8.9 per cent. Bids for the funds will be made today, and no upper limit has been set on the amount. Call money has been steady at around 9.05 per cent for most of this week, after touching 9.15 per cent early Monday following the unwinding of a previous 28-day repurchase agreement. Since then the authorities have added some liquidity by currency swaps as conditions have remained tight.

In Paris call money fell to 15⅛ per cent from 15⅜ per cent, following the cuts of ⅛ per cent to 14⅞ per cent in the Bank of France money market intervention rate on Tuesday. Call money has been reduced eight times since the devaluation of the French franc in the middle of June. It is now at tho lowest level since March 17, as the central bank has taken advantage of the relative stability of the franc within the European Monetary System in recent weeks.

EUROCURRENCIES

$ rates firm

Eurodollar interest rates reversed the easier trend seen so far this week, rising in early European trading as the market remained nervous about the future trend in U.S. interest rates. Fears of a sharp rise in U.S. M1 money supply around the middle of the month continued to undermine market confidence, and pushed up the dollar to further peaks on the foreign exchanges.

The firming of Eurodollar rates was not reflected in movements of other Eurocurrencies, which generally had a slightly easier trend. This led to an improvement of most major units against the dollar in forward trading.

Eurosterling rates bad a softer tone, following the recent fall in domestic London rates.

Stronger currencies, such as the D-mark, Swiss franc and Japanose yen were littlo changed, widening the forward premiums of these units against the dollar.

On the other hand the Euro-currency rates supporting the French franc, lira and Belgian franc were slightly lower.

MONEY RATES

NEW YORK

Prime rate	16½
Fed funds (lunch-time)	14⅞-15⅛
Treasury bills (13-week)	12.63
Treasury bills (26-week)	12.90

GERMANY

Lombard	8.00
Overnight rate	8.05
One month	9.375
Three months	9.525
Six months	9.575

FRANCE

Intervention rate	14.75
Overnight rate	16.125
One month	14.625
Three months	14.625
Six months	12.5625

JAPAN

Discount rate	5.5
Call (unconditional)	7.09375
Bill discount (three-month)	7.28125

LONDON MONEY RATES

July 7 1982	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
Overnight	—	12⅛-15	12⅝-16¾	—	—	12¾-12⅞	12½-13	—	—	—
2 days notice	—	—	12¼-12⅛	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	12⅛-12⅞	12⅛-16¾	—	—	12⅞	12⅛-12⅝	—	—	—
One month	12⅜-12⅝	12⅝-12⅝	12¾	10¼-13	12⅝	10⅛	10¼	12⅛-12⅛	12⅛	13⅛
Two months	12⅛-12⅛	12⅝-12¾	—	13¼-13	12¾	13⅛	12	12¼-12⅛	12¼	13
Three months	12⅝-12½	12⅝ 12¾	12¾	10¼-10	12¾	10⅛	12	12⅛-16⅛	12⅛	16¾
Six months	12⅝-12½	12⅝-12¾	12¾	12⅝-12¼	16¾	—	—	—	11⅞-12	11⅞
Nine months	12⅝ 12½	12⅝ 12⅞	—	10-12¾	12⅞	—	—	—	—	—
One year	12⅝ 12½	12⅛-12⅞	19⅞	13-12¾	16⅞	—	—	—	—	—
Two years	—	—	13⅝	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates, nominally three years 13½ per cent; four years 13¾ per cent; five years 13⅞ per cent. ⊕Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 12⅞ per cent; four months trade bills 12⅝ per cent.

Approximate selling rate for one month Treasury bills 12⅝-12⅞ per cent; two months 12⅛-12½ per cent; three months 12⅛-12⅝ per cent. Approximate selling rate for one month bank bills 12⅝ per cent; two months 12⅛ per cent and three months 12-12⅛ per cent; one month trade bills 12⅝ per cent; two months 12⅝ per cent; three months 12½ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 13½ per cent from July 1 1982. London and Scottish Clearing Bank Rates for lending 12½ per cent. London Clearing Bank Deposit Rates for sums at seven days' notice 9½ per cent. Treasury Bills: Average tender rates of discount 12.2313 per cent. Certificates of Tax Deposit (Series 5) 13¾ per cent from June 30. Deposits withdrawn for cash 11 per cent.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED TRUSTS

Abbey Unit Tst. Mngrs. (a) [illegible]

Crescent Unit Tst. Mngrs. Ltd. (a)(g) [illegible]

L & C Unit Trust Management Ltd. [illegible]

Ridgefield Management Ltd. [illegible]

Rothschild Asset Management [illegible]

Legal & General (Unit Tst. Mngrs.) Ltd. [illegible]

Allen Harvey & Ross Unit Tst. Mngrs. [illegible]

Allied Hambro Ltd. (a) (g) [illegible]

Discretionary Unit Fund Managers [illegible]

Dunbar Unit Trust Managers Ltd. [illegible]

E. F. Winchester Fund Mngt. Ltd. [illegible]

Equity & Law Un. Tr. M. (a) (b) (c) [illegible]

Lloyds Bk. Unit Tst. Mngrs. Ltd. (a) [illegible]

Royal Life Fd. Mngmt. Ltd. [illegible]

Royal London Unit Tst Mgrs Ltd [illegible]

Save & Prosper Group [illegible]

Fidelity International Management Ltd. [illegible]

Local Authorities' Mutual Invest. Tst. [illegible]

M & G Group (y)(c)(z) [illegible]

Anderson Unit Trust Managers Ltd. [illegible]

Ansbacher Unit Mgmt. Co. Ltd. [illegible]

James Finlay Unit Trust Mngt. Ltd. [illegible]

Framlington Unit Mgt. Ltd. (a) [illegible]

Schroder Unit Trust Managers Ltd. [illegible]

Friends Prov. Trust Managers (a)(b)(c) [illegible]

Robert Fraser Trust Mgt. Ltd. [illegible]

Funds in Court [illegible]

G.T. Unit Managers Ltd. [illegible]

MoneyLife Management Ltd. [illegible]

Mayflower Management Co. Ltd. [illegible]

McAnally Fund Management Ltd. [illegible]

Scottish Equitable Fund Mgrs. Ltd. [illegible]

Scottish Widows' Fund Management [illegible]

Mercury Fund Managers Ltd. [illegible]

SIMCO Money Funds [illegible]

Stewart Unit Tst. Managers Ltd. (a) [illegible]

Midland Bank Group Unit Trust Managers Ltd. [illegible]

Govett (John) [illegible]

Sun Alliance Fund Management Ltd. [illegible]

Target Tst. Mngrs. Ltd. (a) (g) [illegible]

Grieveson Management Co. Ltd. [illegible]

Minster Fund Managers Ltd. [illegible]

MLA Unit Trust Management Ltd. [illegible]

Guardian Royal Ex. Unit Mgrs. Ltd. [illegible]

Henderson Administration (a) (b) (c) [illegible]

Murray Johnstone U.T. Mgmt. (a) [illegible]

Trades Union Unit Trust Managers [illegible]

Transatlantic and Gen. Secs. Co. (y) [illegible]

National Provident Inv. Mngrs. Ltd. [illegible]

National Westminster (a) [illegible]

Tyndall Managers Ltd. (a)(b)(c) [illegible]

NEL Trust Managers Ltd. (a) (g) [illegible]

Hexagon Services Ltd. [illegible]

Hill Samuel Unit Tst. Mgrs.† (a) [illegible]

Norwich Union Insurance Group (b) [illegible]

Pearl Trust Managers Ltd. (a)(g)(z) [illegible]

Pelican Units Admin. Ltd. (g)(x) [illegible]

HK Unit Trust Managers Ltd. [illegible]

Perpetual Unit Trust Mngmt. (a) (g) [illegible]

Practical Invest. Co. Ltd. (y)(c) [illegible]

Investment Bank of Ireland (a) [illegible]

Provincial Life Inv. Co. Ltd. [illegible]

Prolific Portfolio Mngrs. Ltd. (a) (b) (c) [illegible]

TSB Unit Trusts (b) (c) (y) [illegible]

Ulster Bank (a) [illegible]

Unit Trust Account & Mgmt. Ltd. [illegible]

Key Fund Managers Ltd. (a)(g) [illegible]

Kleinwort Benson Unit Managers [illegible]

Quilter Management Co. Ltd. [illegible]

Reliance Unit Mgrs. Ltd. [illegible]

Carr, Sebag Unit Trust Managers (a) [illegible]

Cent. Bd. of Fin. of Church of England [illegible]

Charities Official Invest. Fund [illegible]

Chieftain Trust Managers Ltd. (a) (g) [illegible]

Confederation Funds Mgt. Ltd. (a) [illegible]

Craigmount Unit Tst. Mgrs. Ltd. [illegible]

NOTES

[illegible]

INSURANCE & OVERSEAS MANAGED FUNDS

INSURANCES

Abbey Life Assurance Co. Ltd.
1-3 St. Paul's Churchyard, EC4P 4DX. 01-248 9111

Property Fund	223.5	[illegible]	—	—
Equity Fund	49.6	[illegible]	+0.1	—
Property Acc.	207.8	[illegible]	—	—
Equity Acc.	48.5	[illegible]	+0.2	—
Selective Fund	146.7	[illegible]	+0.3	—
Money Fund	167.4	[illegible]	—	—
Convertible Fund	179.6	[illegible]	—	—
Prop. Fd. Ser. 4	210.8	[illegible]	—	—
Equity Ser. 4	44.3	[illegible]	+0.2	—
Man. Ser. 4	197.8	[illegible]	+0.3	—
Money Ser. 4	151.8	[illegible]	—	—
Conv. Ser. 4	152.0	160.0	—	—
Fixed Int. Fd. Ser. 4	118.3	[illegible]	—	—
American Ser. 4	108.9	114.7	+1.0	—
High Inc. Ser. 4	115.8	[illegible]	—	—
Indexed Inv. Series 4	96.9	[illegible]	—	—
Pension Property	329.5	[illegible]	—	—
Pension Equity	283.5	[illegible]	+3.4	—
Pension Selective	148.5	156.0	+0.3	—
Pension Managed	295.5	[illegible]	+1.5	—
Pension Security	223.8	[illegible]	—	—
Pension Fixed Int.	115.6	[illegible]	—	—
Pension Indexed Inv.	97.3	[illegible]	—	—

Albany Life Assurance Co. Ltd.
31, Old Burlington St., W.1. 01-437 5962

Equity Fd. Acc.	317.6	334.3	+2.5	—
Fixed Int. Acc.	197.4	207.7	-0.2	—
Gtd. Money Fd. Ac.	157.0	165.2	+0.1	—
Intl. Man. Fd. Acm.	139.2	146.5	-0.1	—
Intl. Fxd. Int. Fd.	107.6	113.2	—	—
Prop. Fd. Acc.	139.5	147.9	—	—
M'ple Inv. Acc.	247.2	260.6	+0.9	—
Equity Pen.Fd.Acc.	435.4	458.3	+4.1	—
Fixed I Pen.Acc.	318.3	335.0	-0.4	—
G'td.Mon.Pen.Acc.	218.0	229.4	+0.3	—
Intl.Mn.PnFdAcc.	160.4	168.8	-0.2	—
Prop.Pen.Acc.	210.7	221.8	+0.1	—
M'ple Inv.Pen.Acc.	358.7	377.5	+1.5	—

AMEV Life Assurance Ltd.
2-6, Prince of Wales Rd., B'mouth. 0202 762122

Managed Fd.	195.0	205.5	—	—
Money Fd.	144.0	151.6	—	—

Crown Life—Continued

St. George Mangd. Fd.	110.2	[illegible]	—	—
Lines & Gen.Fd.	116.1	[illegible]	—	—
Sage Fd.	94.5	[illegible]	—	—
Heritage Fd.	90.3	[illegible]	—	—
OBS Managed	105.4	[illegible]	—	—
Crown. Bclt. Inv. A		217.2	—	—
Pens. Mixed. Fd.	146.7	[illegible]	—	—
Pens. Mang'd. Acc.	109.4	[illegible]	—	—
Pens. Mang'd. Init.	105.3	[illegible]	—	—
Pens. Equity Acc.	[illegible]	[illegible]	—	—
Pens. Equity Init.	[illegible]	[illegible]	—	—
Pens. Fxd. Int. Acc.	108.1	[illegible]	—	—
Pens. Fxd. Int. Init.	104.1	[illegible]	—	—
Pens. Money Acc.	109.2	[illegible]	—	—
Pens. Money Init.	104.9	110.4	—	—

Crusader Insurance PLC
Tower Hse, 38 Trinity Sq, EC3N 4DJ 488 2323

Growth Prop July 6	101.1	111.2	—	—
Managed Pens. June 9	117.24	123.40	—	—

Eagle Star Insur./Midland Assur.
1, Threadneedle St., EC2. 01-588 1212

Eagle/Mid. Units	77.9	80.8	+0.2	6.36

Equity & Law Life Ass. Soc. Ltd.
Amersham Road, High Wycombe. 0494 33377

UK Equities Fund	184.8	194.5	-0.4	—
Higher Inc. Fund	119.4	125.6	+0.1	—
Property Fund	232.2	242.3	—	—
Fixed Interest Fund	142.2	149.6	-0.6	—
Index Linked Secs Fnd.	93.5	98.4	—	—
Gtd. Deposit Fund	135.9	143.0	—	—
Nth. America Fund	104.6	111.1	+0.4	—
Far East Fund	91.3	96.5	—	—
International Fund	96.1	101.1	+0.1	—
Mixed Fund	165.7	174.4	-0.2	—

Equity & Law (Managed Funds) Ltd.
Amersham Road, High Wycombe. 0494 33377

Ind. Pen. Equity	194.2	204.4	—	—
Ind. Pen. Property	144.1	151.6	—	—
Ind. Pen. Fixed Int.	138.4	145.6	—	—
Ind. Pen. Indx Lk. Sec.	102.9	108.3	—	—
Ind. Pen. Overseas	145.0	152.6	—	—
Ind. Pen. Cash	135.5	142.6	—	—
Ind. Pen. Balanced	153.9	161.9	—	—
Ind. Pen. Dep. Admin.	135.5	142.6	—	—

Prices at June 10. Next settlement July 15.

Life Assur. Co. of Pennsylvania
8, New Rd., Chatham, Kent. Medway 812348

LACOP Units	11.95	12.53	—	—

Lloyds Life Assurance
20, Clifton St., EC2A 4HX 01-920 0202

Multi Gwth. June 6		£2.02920	—	—
Op. 8 Prop. A July 1	225.8	237.7	—	—
Op. 8 Equity July 1	216.3	227.7	—	—
Op. 8 Hy. July 1	397.1	[illegible]	—	—
Op. 8 Man. July 1	232.1	244.4	—	—
Op. 8 Dep. July 1	169.4	178.4	—	—
Op. In. B July 1	116.2	122.4	—	—
Op. 8 Inc. D July 1	103.5	109.0	—	—
Op. In. M. July 1	116.4	122.4	—	—
U.S. $ F.I. July 1	108.4	114.2	—	—
O & G Pp. Fd. July 1	97.7	102.9	—	—
Pens. Pr. Ac. July 1	237.0	249.5	—	—
Pens.Pr.Cp. June 30	179.4	188.9	—	—
Pens.Eq.Ac. June 30	550.6	579.6	—	—
Pens.Eq.Cp. June 30	416.8	438.8	—	—
Pens.Fxd.Ac. June 30	248.9	262.1	—	—
Pens. Fxd. Cp. June 30	208.5	219.5	—	—
Pns.Mng.Ac. June 30	370.5	390.1	—	—
Pens.Mng.Cp. June 30	280.5	295.3	—	—
Pens. Op. Ac. June 30	244.0	256.9	—	—
Pens. Dp. Cp. June 30	184.7	194.5	—	—

Britannia Funds—Series A

Am.Spir.Co's July 7	85.5	[illegible]	[illegible]	—
Am.Spec.Sits. July 7	202.1	207.5	[illegible]	—
Commodity July 7	56.6	59.4	[illegible]	—
Extra Inc. July 7	87.5	[illegible]	[illegible]	—

Norwich Union Insurance Group
PO Box 4, Norwich NR1 3NG. 0603 22200

NUAS (Managed Funds) Ltd.

Managed Fund	322.6	339.4	—	—
Equity Fund	532.0	560.0	+0.3	—
Property Fund	215.6	224.9	—	—
Fixed Int. Fund	204.3	215.0	-0.2	—
Deposit Fund	149.7	157.5	+0.1	—

Norwich Union Life Insurance Society Pensionmaster

Fixed Interest*	122.0	128.4	+1.1	—
Ordinary Share*	120.2	126.5	—	—
Property*	108.1	113.7	—	—
Deposit*	104.2	109.6	+0.2	—
Index Linked Secs.*	103.6	109.0	—	—
Mixed*	117.0	123.1	+0.3	—

Prices at July 6.

Nor. Units June 15		314.9	—	—

Pearl Assurance (Unit Funds) Ltd.
252 High Holborn, WC1V 7EB. 01-405 8441

Inv. Prop. Dist.	132.9	139.9	—	—
Inv. Prop. Acc.	176.4	185.7	—	—
Inv. Equity	173.2	182.4	—	—
Inv. Managed	159.7	168.2	—	—

Pearl Assurance (Unit Linked Pensions) Ltd.

Ret. Managed	131.6	138.6	—	—

Phoenix Assurance Co. Ltd.
4-5 King William St., EC4P 4HR. 01-626 9876

Wealth Ass.	176.5	185.9	+1.1	—
Eb'r. Ph.Eq.E.	112.2	119.4	—	—

OFFSHORE AND OVERSEAS

Granville Management Limited
P.O. Box 73, St. Helier, Jersey. 0534 73933

Granville Inv. Tst.	£6.37	6.79	—	4.79

Next dealing day July 15.

Guinness Mahon Int. Fund (Guernsey)
PO Box 188, St. Peter Port, Guernsey. 0481 23506.

US$ Price	$18.96	19.58xd	—	8.92
£ Sterling Equivalent	10.90	11.52xd	—	10.65
S.D.R. Equivalent	17.44	18.01xd	—	9.37

Prices at June 24. Next dealing July 8.

Hambro Pacific Fund Mgmt. Ltd.
2110, Connaught Centre, Hong Kong

Far East July 7	HK$20.95	22.44	-0.35	—
Japan Fund July 2	$8.62	9.24	—	—

Hambros Fd. Mgrs. (C.I.) Ltd.
P.O. Box 86, Guernsey. 0481-26521

Capital Reserve Fd †	£15.06	15.07	—	0.22
C.I. Fund	222.9	237.4	—	3.21
Special Sits. Fund	79.3	83.5	—	3.23
Sterling Income Fund*	104.7	109.3	+0.9	13.72
Dollar Income Fund	—	$1.00	—	13.50
Trans. Nat. Trust	$0.875	0.922	—	3.47
Intnl. Bond	$98.43	103.61	—	10.19
Int. Equity	$13.17	13.86	—	1.92
Int. Svgs. 'A' $US	$1.35	1.42	—	—
Int. Svgs. 'B'	$1.40	1.47	—	—
Galleon Ass. Fund 'A'	$1.021	1.022	—	—
Galleon Ass. Fund 'B'	$1.003	1.004	—	—

†Excludes initial charge on small orders.

Henderson Admin. & Man. (Guernsey)
7 New St., St. Peter Port, Guernsey 0481 26541/2

American (US cents)	106.5	113.3	—	—
Ntrl. Res. (U.S. cents)	95.0	100.0	—	—
Gilt Fund†	8.94	9.48	—	12.76

Henderson Baring Group

Quest Fund Man. (Jersey) Ltd.
P.O. Box 194, St. Helier, Jersey. 0534 27441

Quest Stlg. Fxd. Int.	£0.735	0.778	—	11.57
Quest Intl. Secs.	$0.799	0.860	—	1.40
Quest Intl. Bd.	$0.791	0.838	—	13.13

Prices on June 30. Next dealing July 7.

Quilter/Heinold Commodities
31-45, Gresham Street, EC2V 7LH. 01-600 4177

Resc. Fd. Int. July 1	$1.657	*15.00	—	1.9

Next dealing date August 2. *Interim.

RBC Investment Managers Limited
PO Box 246, St. Peter Port, Guernsey. 0481-23021.

Intl. Income Fd.	$8.62	9.21xd	+0.05	—
Intl. Capital Fd.	$9.50	10.44	—	—
North America Fd.	$4.16	4.62	—	—

Raminco Managers Ltd.
P.O. Bx. 1549, Hmltn, Bermuda. (809-29) 2-7979

RAMINCO July 5	$8.85	9.12	—	—

Richmond Life Ass. Ltd.
4 Hill Street, Douglas, I.O.M. 0624 23914

Coin Trust	39.6	42.3	—	—
Diamond Bond	69.3	74.2	—	—
Gold Bond	186.8	196.5	-1.9	—
Managed Fund	137.9	145.1	—	—
Petroleum Oil Trust	127.1	135.1	—	11.10
Do. $	2.199	2.337	—	11.10
Sapphire Trust	163.6	174.5	—	—
Silver Trust	131.5	138.4	-5.9	—
Sterling Deposit Bd.	150.1	158.0	—	12.36
UK Gilt Fund	130.6	137.4	—	—

Rothschild Asset Management (C.I.)
P.O. Box 58, St. Julians Ct., Guernsey. 0481-26741.

O.C. America Fd.*	$2.11	2.24	+0.02	0.90
O.C. Sm. Co.***	132.0	140.5	—	2.07

P.O. Box 119, St. Peter Port, Guernsey, C.I.

Sterling Deposit	62.2	65.5	—	—
Sterling Fixed Interest	62.2	65.4	—	—
Sterling Managed	58.1	63.2	—	—
Intl. Fixed Interest	71.9	78.1	—	—
Intnl. Managed	61.1	66.4	—	—

Northgate Unit Tst. Mngrs. (Jersey)
P.O. Box 82, St. Helier, Jersey. 0534 73741.

Pacific Fd June 30	$9.36	9.96	—	—

Pacific Basin Fund
10a Boulevard Royal, Luxembourg.

NAV		$15.39	-0.22	—

Inv. Adv.: M. & G. Inv. Mngt., Ltd., London.

Phoenix International
PO Box 77, St. Peter Port, Guern. 0481 26741

Inter-Dollar Fund	$3.05	3.29	—	—
Far East Fund	$2.39	2.58	—	—
Intl. Currency Fund	$1.62	1.75	—	—
Dollar Fxd. Int. Fund	$2.81	3.03	—	—
Ster. Exempt Gilt Fd.	1.69	1.83	—	—

Providence Capitol International Ltd.
PO Box 121, St Peter Port, Guernsey 0481 26726/9

UK Stockmarket	£0.900	0.968	—	—
Intl. Stockmarket	$0.899	0.913	—	—
World Technology	$0.807	0.866	—	—
N. Am. Stockmarket	$0.834	0.896	—	—
Far East	$0.834	0.897	—	—
UK Fixed Interest	£0.971	1.044	—	—
Intl. Fixed Int.	$0.926	0.996	—	—
Intl. Currency	$0.913	0.982	—	—
Intl. Money Market	$0.944	1.015	—	—
U.K. Money Market	£0.939	1.010	—	—
Stlg. Mangd. Fd.	£0.939	1.009	—	—
Dollar Mangd. Fd.	$0.868	0.933	—	—

Savings Target Rate $12.5/£11
Prices on June 30. Next dealing July 7.

Wardley Investment Services Ltd.,
4th Floor, Hutchison House, Hong Kong

Wardley Trust	HK$23.72	24.90	—	4.94
Wardley Nikko As. Fd.	$36.01	37.40	—	3.05
Wardley Bond Trust	$9.22	9.40	—	9.68
Wardley Japan Trust	14.33	14.85	—	1.21

World Wide Growth Management♦
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd		$10.17	-0.10	—

Inv. Adv.: M. & G. Inv. Mngt., Ltd., London.

Wren Commodity Management Ltd.
10, St. George's St., Douglas IoM 0624 25015

Wren Com. Fund	40.3	41.9	—	6.60
Chinese Fund	73.5	76.6	—	9.30
Precious Metal Fund	180.0	187.0xd	—	8.30
Vanguard Cmdy. Fd.	42.1	43.2xd	—	2.26
Financial Futures Fd.	110.5	115.0	—	—
Wren Intl. Fnd.*	$0.835	0.870	—	—

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. Z Previous day's price. § Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1982 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
99$\frac{7}{16}$	95$\frac{3}{8}$	Exch. 9¼pc 1982	99$\frac{7}{16}$	+$\frac{1}{32}$	9.33	12.67
98$\frac{5}{8}$	94$\frac{3}{8}$	Exch. 8¼pc 1983	98$\frac{5}{8}$xd	.....	8.87	11.61
95¼	91	Exch. 3pc 1983	95$\frac{1}{8}$	.....	3.15	11.25
99$\frac{5}{8}$	95¾	Treasury 12pc 1983‡‡	99$\frac{5}{8}$	.....	12.05	12.54
98	92$\frac{7}{8}$	Treasury 9¼pc '83	97¾xd	.....	9.46	11.65
102	96$\frac{7}{8}$	Exch. 13½pc '83	101$\frac{3}{8}$	.....	13.32	12.28
98$\frac{1}{8}$	91$\frac{7}{8}$	Exch. 10pc 1983	97$\frac{7}{8}$	.....	10.22	11.62
95¼	87$\frac{7}{8}$	Funding 5½pc '82-84‡‡	95¼xd	.....	5.77	0.89
98$\frac{3}{8}$	91$\frac{7}{8}$	Exch. 11¼pc 1984	98$\frac{3}{8}$	+$\frac{1}{8}$	11.44	12.34
102$\frac{7}{8}$	96¼	Exchequer 14pc 1984	101$\frac{7}{8}$	.....	13.74	12.79
89¼	81$\frac{1}{8}$	Exch. 3pc 1984	89¾	.....	3.34	8.84
98½	91½	Treasury 12pc 1984	98¼	.....	12.21	12.86
104½	96¼	Treasury 15pc 1985	104$\frac{1}{8}$	.....	14.41	13.06
98$\frac{3}{8}$	89½	Exch. 12pc Cnv. '85	97$\frac{5}{8}$	.....	12.29	13.03
84¼	73½	Treasury 3pc 1985	84¼	.....	3.54	9.16
97¼	87½	Treasury 11½pc 1985	97xd	.....	11.86	12.73
98$\frac{1}{8}$	88$\frac{5}{8}$	Exch. 12¼pc 1985	98	.....	12.50	12.96
96¼	86$\frac{1}{8}$	Exch. 11¾pc '86	96$\frac{1}{8}$	.....	12.22	13.10
81½	69	Treasury 3pc 1986	81½	.....	3.68	8.74
97¼	86¼	Treasury 12pc '86	96$\frac{7}{8}$	.....	12.39	13.03
90¼	80$\frac{1}{8}$	Treasury 8¼pc '84-86‡‡	90½xd	.....	9.39	11.52
30¼	28$\frac{5}{8}$	Treas. 12¾pc '86 (£20pd)●	30$\frac{1}{8}$	−$\frac{1}{8}$	12.52	12.95
102¾	91$\frac{7}{8}$	Exch. 14pc 1986	102$\frac{3}{8}$	.....	13.68	13.22
103$\frac{7}{8}$	90	Exch. 13¼pc 1987	100½xd	.....	13.23	13.20
83¾	73$\frac{7}{8}$	Funding 6½pc '85-87‡‡	83¼	.....	7.76	10.92

Five to Fifteen Years

1982 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
75$\frac{7}{8}$	64½	Treasury 3pc 1987	75¾	−$\frac{1}{8}$	3.96	9.12
98¼	85$\frac{7}{8}$	Treas. 12pc 1987	96$\frac{5}{8}$	−$\frac{1}{8}$	12.70	13.46
85$\frac{1}{8}$	72½	Treasury 7¾pc '85-88‡‡	82½xd	.....	9.35	12.07
69$\frac{7}{8}$	60$\frac{1}{8}$	Transport 3pc '78-88	69$\frac{7}{8}$xd	.....	4.30	9.78
94¼	79$\frac{7}{8}$	Treasury 11½pc 1989	95$\frac{7}{8}$	−¼	12.15	13.94
70¾	62½	Treasury 5pc '86-89	70¼	.....	7.18	11.22
101½	85$\frac{7}{8}$	Treasury 13pc 1990‡‡	95¾xd	−$\frac{1}{8}$	13.59	13.87
96¾	85$\frac{5}{8}$	Exch. 12½pc 1990	96$\frac{5}{8}$	−$\frac{1}{8}$	13.45	14.01
80¼	70$\frac{1}{8}$	Treasury 8¼pc '87-90‡‡	79$\frac{7}{8}$	.....	10.40	12.41
93½	77$\frac{7}{8}$	Treasury 11¾pc 1991	88$\frac{7}{8}$xd	−$\frac{3}{8}$	13.21	14.01
67¾	59¾	Funding 5¾pc '87-91‡‡	67¼	.....	12.10	12.70

Over Fifteen Years

Undated

Index-Linked & Variable Rate

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

LOANS—Continued

Financial

Building Societies

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AMERICANS

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Hire Purchase, etc.

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BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ENGINEERING MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
180	119	Jardine M. SHK$	160	......	Q92c	2.3	5.5	7.9
48	26½	Jenks & Cattell	27	......	1.0	—	5.3	—
285	187	Johnson Clnrs.	269	+5	7.7	2.9	4.1	15.0
275	227	Johnson Mthy. £1	230	−5	10.0	2.2	6.2	(8.5)
162	98	Johnston Grp. 10p	134	......	4.0	6.2	4.3	5.6
80	64	Jourdan (T.) 10p	68	......	5.25	0.6	11.0	(21.0)
48	40	Kalamazoo 10p	44	......	2.5	0.9	8.1	20.4
170	135	Kelsey Inds.	140	......	8.0	2.1	8.2	8.0
165	138	Kennedy Sm. 10p	164	......	14.38	4.1	5.8	0.7
310	200	Kershaw (A.) 5p	200	......	21.75	0.5	15.5	(2.0)
51	41	Kleen-E-Ze Hldgs.	48	......	5.5	0.7	16.4	(24.0)
68	52	L.C.P. Hlds	54	......	3.6	0.5	9.5	[illegible]
60	39½	L.R.C. Int. 10p	60	......	2.75	♦	6.8	♦
46	34	Lawtex	35	......	1.5	—	[illegible]	—
188	153	Lead Inds. 50p	160	......	9.66	1.8	8.6	(8.7)
395	277	Lep Group 10p	395	+10	17.5	♦	6.6	♦
37	28	Lilleshall 10p	30	......	2.5	—	11.9	—
60	39	Lon. & Liv. 10p	58	+2	2.45	♦	6.2	♦
102	80	London & Mid'd	80	−1	7.75	1.1	13.7	(9.6)
51	36	Lon. & Nthn. Grp.	44½	+½	3.75	2.1	12.0	4.7
35	23	Lon. Priv. Health	35	+1	—	—	—	♦
9¼	3½	Long Hmbly. 10p	3½	......	—	—	—	—
46	36	Longton Inds.	45	......	1.0	—	3.2	—
72	33	Lonsdale Universl.	65	......	1.0	0.9	2.2	(79.3)
195	93	Low & Bonar 50p	93	−2	7.0	1.6	10.8	(7.2)
27½	19	M.Y. Dart. 10p	21	......	h1.21	—	8.2	—
168	105	M'c'rthy Ph. 20p	161	+2	7.0	2.8	6.2	7.5
110	70	Macfarlane Gp.	109	−1	4.0	2.2	5.2	11.2
37	28	Maclellan 20p	36	......	1.43	1.4	5.7	(15.8)
86	56	Macpherson (D.)	59	......	4.2	2.5	10.4	8.4
62	53	Magnolia Group	60	......	2.3	3.9	5.6	5.9
108	65	Man. Ship Can. £1	65	......	—	—	—	—
49	38	Marley	40	......	2.25	1.9	8.2	(14.0)

LEISURE—Continued

1982 High	Low	Stock	Price
45	33	Fairline Boats 10p	
10	13	G R A Group 5p	
42	22	Glasgow Pavilion 10p	
48	32	Grampian TV A 10p	
146	107	HTV Non/Vtg.	
218	139	Horizon	
151	95	Intasun 10p	
159	112	LWT "A"	
133	116	Leisure Inds.	
125	88	Magnet Ag. M. 10p	
67	57	Medminster 10p	
238	140	Nimslo Int 20c	
45	33	Norton & Wrt. 10p	
74	64	Old Swan (H'gate) 10p	
28	14	Owners Abroad	
62	52	Photax (Lon.)	
280	149	Pleasurama 5p	
121	84	Riley Leisure 10p	
179	126	Saga Hols. 20p	
173	125	Samuelson 20p	
99	76	Scott. TV 'A' 10p	
50	36	SelecTV 10p	
18	13	TSW 5p	
51	31	TVS N/Vtg 10p	
100	62	Trid'nt TV 'A' 10p	
210	92	21st Century Dist. Co.	
27½	19	Webb (Jos.) 5p	
95	69	Zetters 5p	

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCE

LEISURE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

MINES—Continued

Central African

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
120	75	Falcon Rh.50c	83	......	Q35c	10.3	23.3
33	22	Wankie Col. Z$1	20	......	Q3c	1.2	12.1
21	12	Zam.Cpr.SBD0.24	14	......	—	—	—

Australian

Tins

Miscellaneous

NOTES

REGIONAL AND IRISH STOCKS

OPTIONS

3-month Call Rates

"Recent Issues" and "Rights" Page 35

FINANCIAL TIMES

Thursday July 8 1982

FOUR-YEARLY CIVIL SERVICE WAGE REVIEW PLAN OPPOSED

Unions attack Megaw report

BY PHILIP BASSETT, LABOUR CORRESPONDENT

CIVIL SERVICE unions reacted sharply yesterday to the publication of the report of the committee set up by the Government to find a new system of pay determination for Britain's 530,000 white-collar civil servants.

The committee, chaired by Sir John Megaw, broadly supports the Government's line of making increases less "automatic." It supports Treasury proposals to limit comparing civil service pay with that of outside jobs and to make it reflect more closely market forces and management needs.

The inquiry, set up as part of the settlement to last year's 21-week Civil Service strikes, recommends a system of four-yearly reviews, interspersed with more limited annual adjustments.

Set against these reviews, assessments would be made on such elements as recruitment and retention of staff, civil servants' index-linked pensions and job security.

Full details of the report were disclosed last Thursday in the Financial Times.

The Government is studying the report before negotiations on it begin with the civil service unions. Privately, the Government is broadly favourable, although all Sir Geoffrey Howe, Chancellor of the Exchequer, would say in a parliamentary answer was: "The Government intends to discuss the inquiry's recommendations with the civil service unions as soon as both sides have had the opportunity to consider them fully."

The main unions will put the Megaw report to special conferences early in December. With one important exception, they were critical of its findings.

Mr Gerry Gillman, general secretary of the mid-grade Society of Civil and Public Servants, said the proposals would result in a "substantial and permanent cut" in civil servants' relative pay. The report was "Mrs Thatcher's blueprint for a future public service pay policy."

Mr Tom Sawyer, deputy general secretary of the non-civil service public sector union, the National Union of Public Employees, said unions would resist attempts to apply the Megaw proposals.

Mr Alistair Graham, general secretary of the clerical-grade Civil and Public Services Association, said the report did not provide hope of stable industrial relations in the future.

Mr John Sheldon, general secretary of the lower-grade Civil Service Union, said the report was "a recipe for continual industrial rancour."

However, the report was welcomed by the Institution of Professional Civil Servants, which believes that its specialist members stand to gain from the report's suggestions on differentials within the service.

Most of the union will unite in their opposition to the Megaw findings around the minority report submitted by Mr John Chalmers, former general secretary of the Boilermakers' Society. Mr Chalmers's proposals are broadly in line with the old system based strictly on pay comparability.

Mr Chalmers said yesterday that the majority report could increase the likelihood of strike action in the Civil Service.

Analysis and Editorial Comment, Page 20

Clash on public pay policy

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE GOVERNMENT yesterday came under a concerted attack from four top union leaders over its plans for reducing the level of public sector pay settlements this winter.

During a meeting of the National Economic Development Council, ministers were warned of possible confrontations in the electricity, gas and water industries. They were told that the "climate of hostility" created by the Government meant that workers would "seek to maximise pay rises."

The TUC's six representatives arrived for the monthly meeting of the council angered by a speech made on Tuesday by Sir Geoffrey Howe, the Chancellor, about the Government's wish to reduce the size of pay rises.

But the unions' outspokeness could also have been a tactical manouevre aimed at showing left-wing opponents of the TUC's participation in the council that tough talking takes place.

Mr Len Murray, TUC general secretary, told ministers that the Government was "using" unemployment to screw down wages, legislation to screw down the unions and was promoting confrontation policies."

Mr Frank Chapple, of the Electrical and Plumbing Trades Union, said that if trade unions were to respond to the Government's exhirtations for lower pay rises, "our members would desert us."

Yet behind the rhetoric, the various NEDC parties yesterday showed an increasing willingness to respect each other's points of view.

Miners demand investment in pits

BY JOHN LLOYD, LABOUR EDITOR

MR NORMAN SIDDALL, the new chairman of the National Coal Board, yesterday told miners' leaders that the NCB's "tail" of loss-making pits had to be cut.

He was speaking at the annual conference of the National Union of Mineworkers in Inverness, minutes before members voted to demand a major expansion of investment and manpower, backed up by the threat of industrial action.

The conference accepted the executive's report on the situation in the mining industry, a move which Mr Arthur Scargill, the union's president, had said would commit the miners to "direct action" over further pit closures.

However, Mr Scargill shortly afterwards responded to Mr Siddall's speech by saying that the chairman's claims about loss making NCB pits proved the existence of a closure list. The loss making 12 per cent of NCB capacity referred to by the chairman constituted 30 pits, he said.

Mr Scargill also claimed that he had been told at a meeting with a senior board official that two large pits were marked for immediate closure. He refused to name them and Mr Siddall denied the claim.

Mr Siddall said after his speech that the review procedure on the board's plan to stop production at Snowdown pit in Kent—the flashpoint in the looming row over closures—would start next week. There would be one further appeal to the NUM to join the two management unions, the National Association of Colliery Overmen, Deputies and Shotfirer's and the British Association of Colliery Managers, in the review.

Mr Michael McGahey, the union's vice president, told the conference that defence of jobs was now the union's central task. The campaign against closures must go on, not just to force the board to produce a list of collieries which it wants to close, but to "ensure that this union goes into action."

The vexed issue of the closure list, which Mr Scargill says names 30 pits, was not resolved in yesterday's debate or in the speech by Mr Siddall. The NCB chairman denied the existence of the list, telling the conference that since the ill-fated list of 23 pits marked for closure last year was withdrawn following brief strike action, agreed local procedure had operated. That procedure had so far closed 12 of those 23 pits.

"Your areas know exactly which pits in their coal fields are in difficulty. They know the problems, they know the prospects. There is no mystery about it and it is not my intention to close them if there should ever be a mystery about it," said Mr Siddall.

Men and Matters, Page 20

Continued from Page 1

Railways

It is losing £6m a day revenue and an extra £2½m a day following the Government's decision to withhold the weekly Public Service Obligation, the grant given to BR to help cover running expenses of uneconomic passenger lines. BR has a borrowing limit of £150m.

BR is still in no mood to compromise its position in the dispute. Mr Rose said "any return in work will be on the basis of flexible rostering." Today a second batch of the new rosters will go out to 39 depots. Some 31 depots received them last Monday.

The possibility of sacking Aslef members who have not turned up to work will also be discussed at today's meeting.

From available regional figures last night there appeared to have been a marked increase in services on the Eastern Region from 130 trains on Tuesday to 205 yesterday. On Southern Region the numbers were up from 284 to 316, London Midland 351 to 391 and Scotland 68 to 73. Western Region remained the quietest with only nine trains running.

A number of Aslef branches were again said to be pressing for an end to the strike but the union said the return to work in Bury and Bolton on Tuesday had ended following the intervention of a union official.

At a meeting of Aslef pickets outside King's Cross station yesterday, Mr Tony Benn said: "The Government have now made it clear that they would like to smash Aslef completely. But the union is striking in support of a modern railway system and they are going to win."

Steel study calls for 50% cut in capacity of bright bar sector

BY IAN RODGER

FURTHER contraction of the steel industry has been recommended in a study of the bright bar sector for the Department of Industry.

The study, carried out by Mr George Weldon of Touche Ross, the management consultant, calls for capacity in the sector to be cut from 875,00 tonnes par year to 400,000 tonnes.

UK demand for bright bars, used mainly in the motor and general engineering industries, has fallen from 447,000 tonnes in 1979 to 314,000 tonnes last year. The bright bar business is dominated by private sector steel companies, but the British Steel Corporation is also involved.

The turnover of the 10 companies surveyed by Touche Ross fell from £148.9m in 1979 to £92.2m in 1981, while a combined profit of £6m in 1979 became a loss of £2.9m last year.

Mr Weldon said the 10 accounted for roughly 80 per cent of total UK capacity. He concluded that annual demand was unlikely to exceed 400,000 tonnes before 1990, and recommended that 475,000 tonnes of surplus capacity be destroyed or exported to Third World countries.

The report recommends that producers agree on a restructuring programme and use some of the £22m the Government has made available for closures and redundancies in private steel companies. The Department of Industry said last night it had not yet received any proposals from bright bar producers.

Brian Groom, Labour Staff, writes: A considerable improvement in the climate of industrial relations at BSC emerged yesterday at a meeting between Mr Ian MacGregor, BSC chairman, and the TUC Steel Committee.

A joint approach to the Government was agreed, expressing concern over the surge in third country imports to the UK. BSC also agreed to join the unions in pressing for all ships lost in the Falklands to be replaced with British-built vessels.

The unions gained the impression that Mr MacGregor is unwilling to close further plants and that if one was closed as a result of BSC's current review of its operations, the ultimate responsibility would be the Government's.

Within BSC last night, however, it was suggested that this was unlikely to be the case and that Mr MacGregor would not shirk taking a decision on commercial grounds.

Mr Bill Sirs, general secretary of the Iron and Steel Trades Confederation and chairman of the TUC committee, said after the meeting: "For the first time, we detected the BSC management was willing to work with us and approach the Government on a number of pressing matters to give the steel industry a better deal."

Opec ministers

Continued from Page 1

abuse directed at him by Iranian representatives in Equador in May.

But Iran's go-it-alone production and pricing policies continue to constitute the biggest threat to Opec's solidarity and the maintenance of the $34 reference price. Iran is continuing to sell its crude at around $30 a barrel.

Iran refused to be a party to the production sharing scheme agreed in Vienna in March. Sr Humberto Calderon Berti, the Venezuelan Minister of Mines and Energy, suggested that Iran's output could be as much as 2.2m b/d compared with the quota set for it by other members of 1.2m b/d.

Economic experts from Opec, who met here earlier this week, calculated total June output by the 13 members to be not less than 18.2m b/d, up 1.5m b/d over the May level. But they recognised that June production may have been as high as 18.7m b/d, given that Iran and Libya failed to submit data. The experts attributed the softness in the international oil market since mid-May to a sharp increase in the availability of Opec supplies.

BMW acts against cut-price UK imports

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

BMW, the West German car maker, has dealt another blow to the trade in unofficial cut-price car imports from the Continent to Britain by raising prices for right-hand-drive cars in all markets but the UK.

BMW's action follows Ford's decision to supply right-hand-drive cars ordered through Continental dealers only via its import-export centre in London. Ford also increased West German prices and in the UK lowered those for models popular with unofficial importers.

BMW says demand for British-specification cars from its Continental dealers, once very small, has reached the stage where the company has to take account of the extra costs involved and reflect them in its prices. Some 20 per cent of a car's components have to be changed for right-hand-drive versions, it says.

There are also extra costs involved in research and development for right-hand-drive models, expensive tooling for a limited production run of right-hand-drive cars, higher prices for right-hand-drive replacement parts and the administration of orders for special vehicles taken by Continental dealers, says the company.

The price increases average about 3 per cent for the small 3-series BMW saloons, but include a 4.3 per cent rise for the popular 323i.

The 5-series models have gone up by about 5 per cent on average and the large cars, the 6-series and 7-series, by more than 7 per cent.

The increases leave Continental prices below those charged in the UK but probably not low enough to justify a British buyer making the journey to the Continent.

BMW's wholly-owned British import company says that, once a customer paid for export licence plates, then spent £250 to get to the Continent and back and paid £60 for the first two services which would be free if the car was bought in Britain, the saving on a BMW 318 bought in West Germany would be only £166 on the British price of £4,775, before car tax and VAT.

The saving on a 323i would be £532. For a 525, it would be £856, and for a 735, £1,428.

Israelis reject proposals on PLO

By David Lennon in Tel Aviv and Our Foreign Staff in London

THE ISRAELI Cabinet yesterday rejected U.S. suggestions that the Palestine Liberation Organisation should be allowed to maintain a political office in Beirut and a token military presence in Lebanon under the command of the Lebanese army.

Following a lengthy meeting in Jerusalem, however, the Cabinet accepted President Ronald Reagan's offer of U.S. troops to supervise the evacuation of Palestinian guerrillas from West Beirut.

The fierce overnight fighting on the southern outskirts of the Lebanese capital, where some 6,000 PLO guerrillas are trapped by Israeli troops, eased yesterday. For the first time during the conflict, however, shells fell on East Beirut, which is controlled by the Christian militias.

The Soviet Embassy in West Beirut was hit in the shelling on Monday night and several buildings wrecked.

Israel and the Phalangists also maintained the blockade on food supplies into West Beirut where stocks are said to be running low.

In Paris, M Claude Cheysson, the French Foreign Minister, said yesterday that the PLO had not yet agreed to terms for a withdrawal from Beirut, but was ready to abandon its armed struggle against Israel in return for political recognition.

He was speaking after a meeting with Mr Farouk Kaddoumi, head of the PLO's political department. M Cheysson said: "Their highest ranking leader has indicated to us that, if the PLO is recognised in its political role, it would agree to pass completely from an armed phase into a political phase."

The United Nations agency responsible for Palestinian refugees said in Vienna yesterday that the Israeli invasion of Lebanon had resulted in a major setback to its work in that country. "We are back to where we started 32 years ago as an emergency relief organisation," said Mr Olof Rydbeck, who heads the UN agency.

He said the invasion had destroyed camps, schools, warehouses and clinics, leaving about 175,000 Palestinian refugees out of a registered 237,000 in urgent need of aid.

One camp near the port of Sidon was so badly wrecked that the 24,000 refugees who had houses there were now forced to live in the open, he claimed. "Tens of thousands of people, without anything, are sitting on the ground in orange groves," said Mr Rydbeck.

Defeat for Palestinian symbol, Page 3

Weather

UK TODAY

SUNNY periods, some cloud and rain on coasts and in north.

London, Midlands, E. England
Mainly dry, sunny periods. Max 25C (77F).

S.E., S.W., S. Wales, Channel Isles, Borders
Mainly dry. Max 21C (72F).

N. Wales, N.W. England
Mostly cloudy, some rain, Max 17C (63F).

Scotland
Bright periods, showers. Max 16C (61F).

Outlook: Sunny, thundery. Rain.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	27	81	L. Angt	C	18	51
Algiers	S	30	86	Luxmbg	F	20	68
Amsdm	S	21	70	Luxor	S	40	104
Athens	S	29	84	Madrid	S	36	97
Bahrain	S	35	95	Majorca	S	35	95
Barclna	F	29	84	Malaga	S	31	88
Beirut				Malta	S	36	97
Belfast	C	19	66	M'chstr	F	19	66
Belgrd	S	21	70	Melbne	C	12	54
Berlin	F	19	66	Mx. Ct			
Biarritz	S	28	82	Miamit	R	27	81
Bmghm	C	20	68	Milan	C	35	95
Blackpl	C	17	63	Montrlt	S	23	73
Bordx	S	33	91	Moscow	F	26	79
Boulgn	C	17	63	Munich	F	21	70
Bristol	C	18	64	Nairobi	F	25	77
Brussels	C	18	64	Naples	S	29	84
Budpst	C	23	73	Nassau			
Cairo	S	35	95	Nwcstl	C	19	66
Cardiff	C	17	63	N. Yorkt	C	20	68
Cas'b'ca	S	23	73	Nice	S	21	70
Cape T	F	16	61	Nicosia	S	27	81
Chicgt	F	21	70	Oporto	C	18	64
Cologne	F	21	70	Oslo	F	21	70
Cpnhgn	F	18	64	Paris	F	23	73
Corfu	S	30	86	Perth	C	17	63
Denvert	F	15	59	Prague	F	17	63
Dublin	C	18	64	Rykjvk	C	12	54
Dbrvnk	S	25	77	Rhodes	S	28	82
Ednbgh	C	19	66	Rio J'ot			
Faro	S	26	79	Rome	S	29	84
Florence	S	33	91	Salzbrg	C	20	68
Frnkft	S	23	73	S'ciscot	C	13	55
Funchal				S. Mritz			
Geneva	S	27	81	Singapr	F	32	90
Gibrltr	S	28	82	S'tiagot			
Gl'sg'w	C	17	63	Stckhm	F	18	86
G'rnsey	C	17	63	Strsbg	F	24	75
Helsinki	F	20	68	Sydney	S	16	61
H. Kong	R	27	81	Tangier	S	25	77
Innsbrk	F	25	77	Tel Aviv	S	29	84
Invrnss	C	18	64	Tenerife	S	26	79
I.o.Man	R	13	55	Tokyo	R	21	70
Istanbul	S	26	79	T'ronto†	S	24	75
Jersey	C	17	63	Tunis	S	41	106
Jo'burg	F	17	63	Valencia	S	38	100
L. Pims	S	24	75	Venice	S	28	82
Lisbon	S	25	77	Vienna	F	21	70
Locarno	S	33	91	Warsaw	C	18	64
London	C	22	72	Zurich	S	24	75

C—Cloudy. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

THE LEX COLUMN

Hot gossip in electricals

The electricals sector has been behaving recently as if it were governed by completely different rules from the rest of the equity market. Since last Tuesday night, just before dealings for the new account, the FT Electricals Index has risen 4 per cent to 1,543. The FT All-Share Index, meanwhile, is roughly unchanged.

The Falklands fall-out and suspicions that the Ministry of Defence pocket is deeper than at first thought have contributed to the bullish mood. And, at a time when the prospects of cyclical companies are suffering a set-back, the growth characteristics of the electrical industry have commanded a bigger premium.

Ferranti and Plessey, two of the star performers, have published their 1982 accounts this week. The current cost statements in particular underline how the sector is profiting from the underlying fall in component prices, coupled with rising order books and the cost efficiencies of electronics.

Ferranti has funded a 56 per cent increase in current cost trading profits with a rise of only 18 per cent in capital employed. Plessey's performance is similarly impressive. The result has been a substantial build-up of cash resources almost throughout the sector, reassuring when many industrial companies are paying dividends out of CCA reserves.

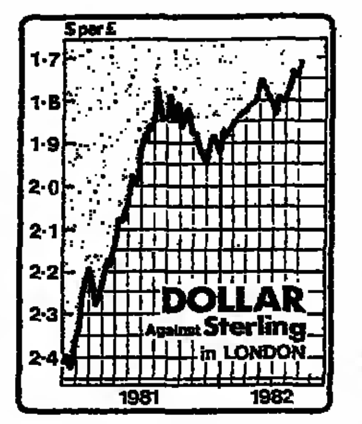
Plessey has taken on board a recommendation from the Accounting Standards Committee and published a five-year record of CCA figures deflated by the RPI. It shows that dividends per share have broadly marked time over the period, while earnings before extraordinary items have risen almost four-fold.

But the accounts also highlight distinctions between the companies which may not be fully recognised in the market. Plessey's real returns on capital are considerably above those of Ferranti, while trading profits per employee are higher by 75 per cent. Ferranti has not yet undertaken the rationalisation of production facilities and costs which Plessey has achieved over the past five years.

Proportionately, Ferranti stands to gain more from an uplift in defence spending than Plessey and there is no shortage of bid talk around the market. Yesterday, GEC was busy stonewalling suggestions that it had built up a stake of almost 5 per cent. But, having said that, there seems little reason for Ferranti's equity to stand on as high an earnings multiple as Plessey, when its dividend yield is a full percentage point lower.

Bids for Ferranti would need to start around the £400m mark and, with foreigners out of the running for strategic reasons, the list of potential customers is small. GEC must have at least one of its hands full with AEG at the moment and, given its well-known reluctance to pay fancy multiples, is more likely to emerge in a spoiling role a la Decca. Plessey itself has the resources but, as the abortive negotiations over Stromberg-Carlson showed, its real aspirations lie in the U.S.

Index rose 1.2 to 555.2



Interest rates

The gilt-edged market is a much more complicated place than it used to be. It is no longer enough to have a pal in the discount market and a good technique when a tap price cut is in the offing. Yesterday, for example, the dollar was surging to new high levels against the continental currencies, while sterling was as low as $1.70¼ at one stage. Yet the Bank of England was going as far as it dared in lowering interest rates in London—at present the limits of official recklessness stretch to reductions of one sixteenth of a point a day. No wonder bond prices just drifted, unsure of what to make of it all.

The monetary aggregates are satisfactory enough at the moment—but despite that, they do not seem to be receiving overwhelming official attention. The medium-term financial strategy is still deep in its two-year coma; otherwise what on earth can the Chancellor mean by talking about zero wages growth when sterling M3 is allowed to grow by 12 per cent per annum? The Bank of England bulletin does not even make the ritual noises about interest rates being determined by the markets; they are set by the seat of top people's pants. And there must now be serious worry about the flatness of the economy, which has not even begun to respond to the Bank's very accommodating monetary approach of the last few months.

So the bond market must begin to come to terms with the idea of some sort of fiscal stimulus, combined with the current modest attempt to push interest rates lower. The trouble is that the authorities cannot make a remotely reasonable estimate of how sterling might respond to a structure built around bank base rate of, say, 11 per cent. It might hardly move, or it might go for a burton. Already since January 3-month Eurodollar rates have risen by 2¼ points while sterling interbank of the same maturity is down by 2¼ points—a 5¼ point swing in favour of funds in New York.

It is not even certain that sterling's problems will end when dollar interest rates fall. On last year's experience, the pound held in equilibrium between the dollar and the D-mark bloc while dollar rates were high; and when they came down, it went to the bottom of the pile. Rates went up in London last September because sterling was weak against the D-mark.

Henry Ansbacher

Vulgar affrays like the squabble over current cost accounting no longer trouble the eminent financiers at Henry Ansbacher, which has just celebrated its membership of the exclusive group of banks authorised to publish accounts consisting of fictitious numbers. For the year to March 1981 Ansbacher brought out perfectly sensible figures, including CCA accounts and a funds statement, but now its 1982 accounts are drawn up under the almost contemptuous Baring convention, under which a bank announces just enough earnings to cover its dividend exactly.

The publication of a parent company balance sheet—utterly unhelpful to the user of accounts—is enough to get the words "true and fair" into the audit report. Ansbacher's behaviour is all the sadder since it has just more than doubled its capital and become an altogether more interesting company.